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BEFORE THE
DEPARTMENT OF TRANSPORTATION
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ORIGINAL

U.S.-CHINA AIR SERVICES

Docket OST-99-5539 -20

CONSOLIDATED REPLY OF UNITED AIR LINES. INC.

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DATED: April 29, 1999

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Pursuant to the Department's Notice dated April 14, 1999, in the above-captioned proceeding, United Airlines submits the following consolidated reply to the answers of Federal Express and Northwest:

I. INTRODUCTION.

United urges the Department to move expeditiously to a decision in this proceeding with respect to all 17 U.S.-China frequencies at issue. United is seeking only seven of those frequencies, none of which are needed until the second year of the allocation period -- April 1, 2000. Northwest and Federal Express both propose to use frequencies during the first year. These frequencies are available for services now, and an expeditious decision will avoid their being wasted. United itself needs an early decision to enable it to plan and promote its new services that would start on April 1, 2000.

Federal Express suggests that the Department "proceed immediately to award the eight currently available frequencies" to it. United strongly opposes any bifurcated proceeding in which the awards of first and second-year frequencies are separately decided. The Department

has wisely decided to address all 17 of the frequencies available in the first two years in a single proceeding, in recognition that there are the overlapping issues between first and second year proposals. The Department should, therefore, proceed to a decision on all 17 available frequencies in a single order.

The other applicants have criticized United for offering new service benefits only at San Francisco. In fact, as described more fully below, with a second-year award of seven additional China frequencies, United will be able to modify its existing one-stop services to offer service improvements at its Chicago O'Hare hub and at New York JFK. United will serve Chicago and New York as gateways on its one-stop services to Beijing and Shanghai, respectively, and will upgrade those services to single-plane operations. These service upgrades for the one-stop flights will bring important new benefits to our U.S.-China customers in the midwest and east coast regions of the country, and will offer intergateway competition with Northwest's service at Detroit.

Although Northwest struggles mightily to make Detroit appear to be competitive with San Francisco as a premier gateway to China, the exhibits it offers in this regard are unsupportive and seriously misleading. In fact, when a fair comparison is made to account for San Francisco's advantageous geographic location and the large number of passengers traveling on Northwest's proposed service via Detroit that would be subjected to two-stop service (a connection in Detroit and a stop in Tokyo), it is abundantly clear that San Francisco is a superior gateway to Detroit.

Federal Express, for its part, continues to stress the benefits it claims that its new intra-Asia service will bring to the U.S. economy. These supposed benefits are, however, based on premises that wholly fail to address the realities of the Chinese marketplace environment, particularly with respect to U.S. export trade. Moreover, Federal Express ignores the fact that there will be increased cargo benefits as carriers of both sides expand their combination services under the new agreement. There will, on the other hand, be no increased passenger benefits associated with the introduction of Federal Express' all-cargo service proposal

United, therefore, urges the Department to grant seven of the second-year frequencies to United for San Francisco-Shanghai nonstop services to begin April 1, 2000. The remaining eight first-year frequencies should be allocated between Northwest and Federal Express to allow them to increase their services immediately, with an additional increase in 2000, using those second-year frequencies not needed by United for its daily nonstop service.

2. *AN A WARD OF UNITED'S ALLOCATION REQUEST IN FULL WOULD NOT PRECLUDE SERVICE EXPANSION BY THE OTHER APPLICANTS.*

Since 1994, both Northwest and Federal Express have been able to expand their U.S.-China services. while United's services have been frozen. Both Northwest and Federal Express can continue to expand their service by using the first-year frequencies available in this proceeding. United has made no request for a frequency allocation in the first year, and seeks only a portion of the second-year frequencies.'

¹ Northwest is simply incorrect when it asserts (NW Ans., p.3) that United seeks an allocation in which United would "receive seven frequencies and Northwest none." United has
(continued...)

In contrast, Federal Express seeks all of the first-year and most of the second-year frequencies, while Northwest seeks 11 of the 17 frequencies available in both years. These carriers would have the Department allow them to continue to grow while United remains frozen at its level of service in 1994, when United implemented daily one-stop flights to both Shanghai and Beijing.’ It would be unfair to United and the passengers it serves in the Bay Area and throughout the U.S. to continue to freeze United at its 1994 levels of service to China. United is willing to use the seven frequencies it seeks to make a major improvement in U.S.-China service and can do so without shutting out either of the other designated U.S. carriers.’

The other applicants, on the other hand, have sought to preempt United from adding new U.S.-China services by proposing to increase their intra-Asia services to China. These intra-Asia services offer relatively fewer benefits to U.S. passengers and shippers than would United’s nonstop services between San Francisco and Shanghai. All of United’s new capacity will be available to U.S. passengers and shippers. Based on the Department’s policy and

¹ (...continued)
taken no position as to how the 10 frequencies for which it has not applied should be allocated

² Although Northwest persists in describing United’s 1994 service increase as a “preemptive frequency grab” (NW Ans., p.3), United, as noted earlier, took the risk of increasing services to China at a time when the other designated carriers were not willing to do so. The Department fully concurred in United’s actions, which made daily services available for the first time to both Beijing and Shanghai.

³ Northwest’s demand to be allowed to catch up with and overtake United in the U.S.-China market has a particularly hollow ring. As United has demonstrated in its exhibits, Northwest continues to dominate the U.S.-Japan and U.S.-Asia markets (see Exhibit UA-13), and, with its alliance with Air China, Northwest will have more potential online access to China than United, even if United receives the seven second-year frequencies it has requested.

precedent, United's proposal should have preference over those of the other applicants.⁴ The Department should certainly not award frequencies to the other applicants to increase their intra-Asia services at the expense of United and the passengers and shippers in the Bay Area and throughout the U.S. it serves from its San Francisco hub that would benefit from new United nonstop service between the U.S. and China

3. ***UNITED WILL MODIFY ITS ONE-STOP SERVICES TO OFFER NEW SINGLE-PLANE BENEFITS TO ITS CHICAGO AND NEW YORK PASSENGERS.***

The other applicants have both attacked United for adding new service only at the San Francisco gateway (FX Ans., p.8 and NW Ans., p.4). These arguments are aimed at enabling the other applicants to split all of the newly available frequencies between them, precluding United from any increase in its U.S.-China service.

United has already explained that, if it is allocated seven frequencies to operate San Francisco-Shanghai daily nonstop service, this will enable it to modify its one-stop services. It is not United's intention to continue to operate all of its U.S.-China services from the San Francisco gateway. The Department did not require carriers to submit any proposals illustrating how they would change their existing U.S.-China services. United would obviously prefer not to expose its planned service changes to its competitors if the Department itself does not need information regarding such specific service changes for purposes of its decisionmaking. United,

⁴ See United Answer, pp. 17-20.

nevertheless, cannot stand idly by while the other applicants incorrectly accuse it of duplicating its existing services at San Francisco,

United is, therefore, submitting its proposal for moving the U.S. gateways used for its existing one-stop flights. Under this proposal, United would operate its U.S.-Beijing one-stop service from its major hub, and the midwest's premier hub, at Chicago O'Hare. These services presently operate from the San Francisco gateway on a daily basis with a change-of-aircraft in both directions. The new Chicago-Tokyo-Beijing flights would operate as an extension of United's existing Chicago-Tokyo service and would operate on a single-plane basis in both directions between Chicago and Beijing using B747-400 aircraft. The new Chicago gateway services would be implemented once United has started its nonstop services between San Francisco and Shanghai on a daily basis. See Exhibit UA-1 7.

An award of seven additional frequencies will also enable United to modify its existing U.S.-Shanghai one-stop services. These services presently operate from San Francisco as the U.S. gateway, with single-plane service in one direction and a change-of-aircraft at Tokyo in the other. See Exhibit UA-2, p.2. Once United has fully implemented its daily nonstop service at *San* Francisco, it will reschedule these flights to serve from the New York gateway. This flight will operate as an extension of United's current JFK-Tokyo nonstop service, with continuing single-plane service in both directions between New York and Shanghai using B747-400 aircraft.⁵ See Exhibit UA-18.

⁵ United already has plans to upgrade its one-stop service to Shanghai from B747-200 to B747-400 service in summer 1999.

United's modified services via Tokyo will continue to be scheduled to offer convenient online connections to both Beijing and Shanghai from its other U.S.-Tokyo flights. These connections will be available from all of United's U.S. gateways to Japan: Los Angeles, San Francisco, Honolulu, Seattle, Chicago, and New York. The new one-stop single-plane services for Chicago-Tokyo-Beijing and New York-Tokyo-Shanghai can, therefore, be implemented without any sacrifice of existing online connecting benefits at Tokyo.

The proposed modifications of United's one-stop service would require no additional flying and can be implemented with existing equipment. These modifications will offer important improvements in U.S.-China service in the **fifth** largest U.S. market to Beijing (Chicago) and the third largest U.S. market to Shanghai (New York)."

United has, as a matter of courtesy, advised the new U.S. gateway cities of these planned service improvements. It has also advised these cities that the improvements are dependent upon United's receiving all seven of the new frequencies it needs at San Francisco for its daily nonstop service.

United's improved China services will offer important new intergateway competition in **midwest** and east coast markets. United's single-plane services to Beijing and Shanghai will be as good as, or superior to those offered by Northwest at Detroit, especially on those days when Northwest's Detroit services are operated on a one-stop basis. A Pittsburgh-Beijing passenger would, for example, now have a choice of **midwest** gateways for connections to single-plane services to China. In the major New York market, United will offer an important

⁶ Based on CRS Booking Data and Exhibit UA-5.

service upgrade for the U.S. city with the third largest number of U.S.-Shanghai passengers and the second largest Chinese population.’

An award of seven additional China frequencies will also create the opportunity for United to continue reviewing the feasibility of substituting another point in China for Shanghai to be served on its one-stop, single-plane schedules. Although Northwest has accused United of being “coy” with respect to its plans for serving a new point in China (NW Ans., p.4, n. 1), the recent amendments to the U.S. carrier combination route under the U.S.-China agreement offer additional service possibilities that need to be more fully analyzed. Two more points in China in addition to Guangzhou became available for service by U.S. combination carriers only earlier this month. United may be able to serve one of these new points in China from Tokyo. If that proves to be the case, United will seek any necessary amendments to its U.S.-China authority at the appropriate time.

4. UNITED MUST MAINTAIN DAILY SERVICE TO REMAIN COMPETITIVE.

United must have a daily pattern of flights for its San Francisco-Shanghai nonstop service in order to meet the needs of business travelers. The same needs require United to maintain daily patterns for its New York-Shanghai and Chicago-Beijing services via Tokyo. United cannot reasonably be expected, as one of the other applicants suggests (FX Ans., p.8), to cannibalize its daily patterns via Tokyo to fund its nonstop flights at San Francisco. If United were allocated fewer than seven frequencies in this proceeding, it would need to continue to

⁷ Exhibits UA-5 and SFO-2

operate its one-stop flights serving San Francisco as the U.S. gateway. United should not be required to sacrifice the consistent one-stop patterns at Tokyo that have proved to be successful.

Moreover, United cannot rely on a code share to fill in the gaps in any less-than-daily nonstop patterns. United must operate its flight patterns in its own equipment to China on a daily basis from both its San Francisco and Tokyo hubs. Unlike Northwest, United cannot rely on a code-share partner to supplement its online services.

Northwest itself “agrees that daily service is essential” (NW Ans., p.4; emphasis in original), and seeks additional frequencies to add services at both Detroit and Tokyo.

Northwest’s proposal to operate a single weekly Honolulu-Tokyo-Shanghai flight and an eighth weekly Detroit-Tokyo-Beijing flight are inconsistent with its own statements regarding the importance of daily service, and are examples of the padding that Northwest built into its application. Northwest also argues that it needs more frequencies at both Detroit and Tokyo to be competitive with United. Were Northwest to succeed in forcing United to pull down its daily patterns at Tokyo, it would make United’s service less competitive not only with Northwest but with foreign carriers as well.

Daily patterns are needed to attract business travelers over all of United’s U.S.-China routings. The new nonstop service is scheduled at United’s San Francisco hub on a daily basis with business traffic in mind. United’s Mileage Plus members are heavily concentrated in California, with approximately 2 million members throughout the state and nearly one million in the Bay Area alone. A high percentage of United’s 1K (41%), Premier Executive (35%), and Premier (32%) Mileage Plus members live in California. Indeed, San Francisco has the highest

percentage of premier MPI members of any city in the country, with Washington being number 2. These are the two U.S. cities that would be served on United's new flight schedule to Shanghai. This high proportion of business travelers located in California and the Washington area lends strong support to United's decision to serve San Francisco and Washington on its new China services.

Operating these nonstop services on a daily basis will also make United's service more competitive with the nonstop services to China operated by foreign-flag carriers from California gateways. These foreign-flag services are the only ones currently operated on a nonstop basis that serve the huge California market. Northwest's service at Detroit will not offer competition to these foreign carriers. It is important for United's business travelers, who are heavily concentrated in California, to have access to a daily nonstop product operated by United.

5. THE DEPARTMENT SHOULD APPLY THE SAME POLICY TO CODE-SHARE PARTNERSHIPS IN THIS CASE AS IT HAS IN OTHER FREQUENCY-RESTRICTED MARKETS

Northwest has accused United of "attacking" its code-share arrangement with Air China. (NW Ans., p.3) This is not the case. United and Northwest have been in the forefront of forming code-share alliances. The alliance between Northwest and Air China produces benefits comparable to those of other partnerships, including United's, and United is not suggesting otherwise.

Northwest's code-share relationship is, nonetheless, relevant to this proceeding, because Air China's homeland has chosen to adopt a policy of restricting competition. Were it

not for the Chinese government's insistence upon limiting U.S. carrier frequencies, a choice between United and Northwest in this proceeding would be unnecessary. The Department has faced this same issue in previous proceedings where frequencies are limited by bilateral agreements and has adopted a policy of granting limited frequencies as a matter of first priority to those carriers without code-share partners in preference to those who have alliances with carriers from a restrictive country

This issue arose most recently in the 1998 U.S.-Brazil Combination Service Case, Docket OST-98-3863. Northwest incorrectly cites United's position in that case as inconsistent with the one United takes here. In the Brazil case, all the applicants had Brazilian-flag code-share partners. The other applicants raised objections to United's application, however, because of its partnership with Varig, the largest Brazilian carrier. United urged that these code-share alliances should be irrelevant in the Brazil case because all applicants were code sharing between the U.S and Brazil with Brazilian partners. United also urged, as Northwest correctly notes, that code sharing should not be deemed a substitute for direct U.S. carrier services. What Northwest fails to note, however, is that United lost those arguments. The Department rejected United's application, in part, specifically because of United's code share with Varig. Order 98-12-23 at 9.⁸

United is simply urging that the Department follow an even-handed policy with respect to code sharing in limited-entry markets where frequency allocation is necessary. The case for applying a preference for United here on the basis of the Northwest/Air China code share

⁸ As United has noted in its answer, the Department has taken a similar position with respect to code shares in the frequency-limited U.S.-France and U.S.-Germany markets. See United Answer, p.9.

is even stronger than the case favoring United's opponents in the Brazil case. In the Brazil case, as noted above, all applicants had code-share partners, and United's partner just happened to be the largest. In this case, however, United is unable to code share to China due to bilateral restrictions demanded by the Chinese government, and this time Northwest's partner happens to be the largest. Northwest has the ability to improve its services to China in conjunction with Air China, just as United did to Brazil. The Department used United's code share with Varig as a factor disfavoring United, and the same policy should be applied here with even greater weight because United, unlike the other carriers in the Brazil case, cannot respond to Northwest's alliance with Air China with an alliance of its own.⁹

Northwest also charges that United can use its code share with ANA to compete in China because ANA "provides a high level of service to China." (NW Ans., p. 12). United certainly wishes it could code share on ANA's high-quality Japan-China services, as illustrated in United's own exhibits. Indeed. United urged the U.S. government in the recent talks with China, as a matter of United's first priority, to obtain the right for U.S. carriers to code share to China with third-country carriers such as ANA. The U.S. was unable, however, to obtain any agreement with China for even limited third-country carrier code sharing.

For reasons already discussed, the U.S.-China agreement, together with existing U.S. carrier alliances (such as Northwest/Air China), effectively bar United from code sharing

⁹ Northwest argues (NW Ans., p.11) that it cannot code share on Air China's flights to "sell Japan-China service." This case is, however, primarily about expanding service between the U.S. and China, not service between Japan and China. United needs to operate its own flights in order to offer new U.S.-China service, while Northwest is able to rely on code sharing with its Chinese partner to improve its U.S.-China services.

with a Chinese carrier. United is, therefore, left to its own devices in expanding its service offering to China to compete with the networks formed by other carriers, and must do so in its own equipment. This requires that United be allocated frequencies in order to expand its services in preference to Northwest, which has the flexibility to use its Chinese code-share partner's services."

6. *SAN FRANCISCO IS SUPERIOR TO DETROIT AS A GATEWAY TO CHINA UNDER ANY RELEVANT MEASURE.*

Northwest tries to bolster its case by futilely arguing that Detroit is a better gateway to Shanghai than San Francisco. A quick glance at a map is sufficient to dispel this illusion. As illustrated in Exhibit UA-11, San Francisco offers direct access to Shanghai for U.S. cities where 95 percent of U.S.-China passengers reside, whereas the Detroit gateway would involve an inconvenient *backhaul* for 57 percent of the *traffic*.

Northwest also defines a "catchment area" for Detroit that it claims has more U.S.-China passengers than San Francisco's "catchment area." (Exhibit NW-14 and NW Ans., p.7). The fallacy in this analysis is that it ignores the fact that all the passengers living in the Detroit

¹⁰ Northwest suggests (NW Ans., p. 12) that while United may not be able to code share on the "final segment of a U.S.-Japan-China itinerary" operated by ANA, it could code share on the "first segment" and somehow benefit. Such a connection would, however, merely involve interline service and would preclude the online benefits that code sharing is specifically designed to offer. Moreover, what Northwest suggests is that United could code-share on ANA's services between the U.S. and Japan in order to promote United's services to China. This is, of course, nonsensical, since United and its passengers would benefit most from using United service on the long-haul flight between the U.S. and Japan in conjunction with a code share on ANA's short-haul services between Japan and China. It is the lack of this ability to code share beyond Japan to China that is most injurious to United and its online passengers.

“catchment area” can be served at least equally well or better over San Francisco, while the converse is not true.

Northwest refers interchangeably to the population of the Detroit catchment area and number of O&D passengers in that area based on undisclosed DOT traffic data. The total population figures are hardly relevant, since those making up the population living in the San Francisco catchment area have a much greater propensity to travel to China than those in the Detroit catchment area. With respect to the O&D Survey data Northwest claims to have analyzed, it would exclude the large numbers of west coast passengers that travel exclusively on foreign carriers. This O&D data gives an inaccurate picture of the market because there are no foreign carrier services in the Detroit catchment area. Again, regardless of the type of persons referred to, the population or O&D survey passengers to China living in the Detroit catchment area can travel to China equally well or better via the San Francisco gateway. The more than 50 percent of the total U.S.-China passengers that live in Northwest’s gerrymandered San Francisco catchment area, on the other hand, cannot be served via Detroit without a considerable backhaul.

Northwest also attempts to show that its service to Shanghai via Detroit will involve shorter elapsed times for passengers in many cities than would United’s service via San Francisco. (NW Ans., pp.8-9, Exhibits NW-12/13). Northwest’s service via Detroit has better elapsed times, however, only on the days when Northwest would operate nonstop flights between Shanghai and Detroit. Northwest proposes such nonstop service only two days per week in the first year and three in the second. On the other five or four days of the week when Northwest’s

Detroit-Shanghai service is operated one-stop via Tokyo, United's times via San Francisco are considerably better for most passengers. See Exhibit UA-19.¹¹

Try as it might, Northwest cannot make out a credible case that Detroit is a more convenient gateway to Shanghai than San Francisco. As a last gasp effort, Northwest suggests that east coast and midwest passengers might prefer a connection via a short hop to Detroit followed by a long flight to Shanghai over a connection at San Francisco. It is just as likely (or even more so) that these passengers would prefer to get more of their journey behind them before they connect. And certainly on the days when Northwest operates its Detroit-Shanghai service one-stop via Tokyo, these passengers will have additional reasons to prefer to connect to a Shanghai nonstop flight at San Francisco than to make an additional time-consuming enroute stop at Tokyo. Moreover, to the extent that passengers want a stopover on the long U.S.-Shanghai flight, it is more likely that they would prefer to make the stopover in San Francisco with its well-known tourist attractions than in Detroit.

Finally, Northwest claims that its new service at Detroit will offer more intergateway competition than would United's new service at San Francisco. San Francisco, in fact, offers intergateway competition for services from both Detroit and Los Angeles, the only other nonstop gateways to China, as well as intragateway competition at San Francisco with

¹¹ Even on those days where Northwest has nonstop service between Detroit and Shanghai, United's experience indicates that a substantial portion of east coast passengers will continue to prefer west coast connections. In the analogous case of Hong Kong which is served nonstop from the gateways of Chicago, San Francisco and Los Angeles, CRS data show that 30 percent of passengers from major east coast cities connect on the west coast, despite the fact that they have daily nonstop-to-nonstop connections over Chicago that are an average of two hours faster than those available over the west coast.

foreign carrier nonstop flights. Moreover, as noted previously, United's new single-plane services at Chicago and New York will also offer important intergateway competition for passengers *to* China in Northwest's Detroit "catchment area."

7. UNITED'S NEW NONSTOP SERVICE WILL OFFER 25 PERCENT MORE SEATS TO CHINA THAN WOULD NORTHWEST'S NEW DETROIT SERVICE.

Northwest claims (NW Ans., pp.9-10) that it will offer more total seats to China than United. This is a product of Northwest's seating configuration which lacks the type of First Suite configuration specially designed for first-class passengers that United has included. This difference in seating is a reflection of United's dedication to attracting the business passengers needed to support daily nonstop services."

Even assuming arguendo that Northwest's configuration, with more seats in the back of the aircraft, were the right mix for this market (a point United does not concede), United would offer more new seats between the U.S. and China than Northwest. All of United's new seats are offered on a daily nonstop basis and are available for passengers between the U.S. and China. Under Northwest's proposal, however, on four days per week it will operate between U.S. and China one-stop via Tokyo. On those flights, a considerable number of seats will be occupied by U.S.-Tokyo passengers. Assuming conservatively that 50 percent of Northwest's new one-stop seats are blocked for Detroit-Tokyo passengers, United would be offering 25

¹² Contrary to Northwest's claims, its B747-400 aircraft are not equipped with the lie-flat seats that are used for the United First Suite service. United is the only U.S. carrier offering this premium seating configuration

percent more new seats in the U.S.-China market than Northwest, or over 500 more seats per week

8. *FEDERAL EXPRESS' PURPORTED ECONOMIC BENEFITS ARE BASED ON SERIOUSLY FLAWED ASSUMPTIONS.*

Federal Express agrees with United on the importance of serving Shanghai as a cargo market, but the two carriers agree on little else. Federal Express stresses that the large allocation it seeks should be granted on the basis of the so-called traffic forecast and market analysis it has submitted. Federal Express goes on to fault United for not submitting such information.

The Department has not called for traffic forecasts in this case. Federal Express' submission of what it describes as a traffic forecast does not give it any decisional advantage over other carriers. If, on the other hand, the Department were to decide that traffic forecasts are necessary to decide this case, then such forecasts must be submitted on a uniform basis to allow for a meaningful comparison among the applicants. The "forecast" submitted by Federal Express does not conform to any uniform format prescribed by the Department, and is worthless for purposes of any such comparison.

Federal Express also continues to tout the economic impact that its new intra-Asia service to China would have on the U.S. economy. Underlying Federal Express' claimed economic benefits to the U.S. economy, however, are two wholly fallacious assumptions: (1) that U.S. exports to China are constrained by a shortage of air cargo capacity from the U.S. to China; and (2) that added air freight capacity will result in an enormous increase in exports from the U.S.

to China. Neither of these assumptions is valid. The predominant flow of U.S.-China air cargo traffic has been from China to the U.S. While that market has declined somewhat, the volume of China-to-U.S. air freight continues to exceed the U.S.-to-China market by a ratio of 6 to 1. This directional imbalance results in excess capacity on U.S.-to-China air freight services, the very direction in which Federal Express assumes that there is a shortage of capacity constraining U.S. export growth.”

More fundamentally, Federal Express assumes that U.S. exports to China will increase if more air freight capacity were available. In other words, if Federal Express flies it, the shipments will come. In fact, it is the artificial trade barriers raised by China that constrain U.S. exports, not the inability of U.S. exporters to find air freight lift. The U.S. has made serious and concerted attempts to open the China market to more U.S. exports, but has thus far been wholly unsuccessful. Throwing more air freight capacity into the directional market, where excess capacity already exists, will not contribute to an opening of Chinese markets to U.S. exports; it will merely exacerbate the capacity imbalance problem that already exists.

Even assuming for the sake of argument that Federal Express’ assumptions about the linkage between air freight capacity and U.S. exports to China were correct, it has not demonstrated in its forecast that its service proposal would address the pronounced directionality problem. Thus, one of the primary defects of Federal Express’ “forecast” is that it fails to relate the U.S.-China traffic it projects to the space available on its existing U.S.-Japan services which

¹³ According to the most recent T-100 data publicly available, Federal Express is operating its U.S.-to-Asia flights with weight load factors varying from 38 to 65 percent. Load factors for Federal Express’ intra-Asia flights to/from China were not available.

are not being increased to accommodate the new U.S.-China traffic that Federal Express forecasts. The U.S.-China cargo market, as noted previously, is highly directional. Federal Express should already have ample space on its westbound U.S.-Japan flights for an increased volume of U.S. exports to China (as do all transpacific cargo carriers), but space on its eastbound flights may be more problematic. According to T-100 data, the weight-based load factors on Federal Express' eastbound flights from Tokyo to Anchorage are in excess of 85 percent.¹⁴ The cubic capacity on these services may also be limited, depending on the density of the freight being carried. Any cargo traffic forecast to be of any use must address these issues, and Federal Express has simply failed to do so. See Exhibits FX-301/2/3.

Moreover, Federal Express appears in its forecast to assume that its new intra-Asia service will be the only new cargo capacity available to China. In fact, with 27 new frequencies available to both U.S. and Chinese carriers, it is reasonable to assume that some of these carriers, even those operating combination services, will be offering a considerable amount of additional cargo capacity. Given the recent market trends and the barriers to the growth of the U.S.-to-China export trade, it is quite likely that the additional lift available on combination services will be more than adequate to meet any foreseeable need for additional cargo capacity, particularly in the westbound capacity needed to carry U.S. exports to China.

¹⁴ The T-100 data do not provide information in Federal Express' loads from China to Japan or Subic Bay. Thus, it is entirely possible that Federal Express' service out of China also have substantial unused capacity. Of course, Federal Express needs no additional China frequencies to add service between Japan and the United States and is not proposing to do so in this case.

9. ***FEDERAL EXPRESS HAS MISUNDERSTOOD THE IMPLICATIONS OF UNITED'S OPERATING STATISTICS.***

Federal Express charges that United's passenger loads to China have been stagnant since 1995. (FX Ans., p.9) That is not too surprising, however, in view of the fact that United has been unable to increase its services to China since 1995. All of the available increase in capacity has been allocated to Northwest and Federal Express (through its predecessor Evergreen). The last capacity increase United was able to implement was in 1994, the year before Federal Express begins its analysis. Contrary to Federal Express' assertions (*id.*), United is convinced that the market is, indeed, "strong enough to support additional nonstop services.""

Federal Express also argues that what it describes as an erosion in United's yields would indicate that additional passenger capacity is not needed. The U.S.-China passenger market, however, has continued to experience significant growth notwithstanding the recent economic downturn in the Asian economy. *Exhibit UA-20*. The same cannot be said of the cargo market, which has virtually stopped growing. *See Exhibit UA-14*.¹⁶

The decline in United's yield (Exhibit FX-R-16) is a direct result of the economic problems in Asia. The fact that passenger traffic has continued to increase demonstrates the continuing strength of the U.S.-China passenger market. Contrary to Federal Express' assertions that United's nonstop services are not sustainable, United is confident that its premier nonstop

¹⁵ Federal Express refers (*id.*) to a United increase "this year" whereas United actually proposes to implement its service increase next year.

¹⁶ Federal Express' cargo forecast fails to show the historic growth rates used for its projected traffic growth, contrary to standard DOT requirements for such information in traffic forecasts used for decisional purposes. Compare Exhibit FX-I 13 with Exhibits FX-301/2/3.

service to China will attract a profitable mix of revenue and yield. In any event, the evidence of yield erosion offered by Federal Express reflects a decline in only one quarter, coinciding with a severe economic downturn in the Asian economy

10. *FEDERAL EXPRESS IS NOT THE ONLY CARRIER SERVING THE U.S.-CHINA EXPRESS MARKET.*

Finally, Federal Express argues that it should receive the unprecedented frequency allocation it seeks in order to offer the “door-to-door express service [that] no other designated carrier offers.” (FX Ans., p.2). In fact, Federal Express is not, as it would have the Department believe, the sole provider of such express service between the U.S. and China. Federal Express’ primary competitor for express services in China is UPS, which is not a designated carrier under the U.S.-China agreement, and does not itself operate a single aircraft to or from that country. UPS reportedly offers express service to more cities in China than any of its competitors (which presumably include Federal Express), and does so notwithstanding UPS’ lack of service to China in its own aircraft.¹⁷

The provision of these door-to-door express services does not require that a carrier operate its own aircraft, as UPS’ successful experience in China well demonstrates. Indeed, with daily nonstop services to Shanghai, United fully expects to carry express traffic for door-to-door express service providers between the U.S. and China. That type of traffic can

¹⁷ JOURNAL OF COMMERCE (February 8, 1999), p.37 (UPS expands service to 18 additional cities in China for a total of 21); CHIEF EXECUTIVE (U.S.) (March 1, 1999), p.30 (UPS has partnered with Sinotrans, a local carrier, and now offers express services to 21 cities in China, more than any of its competitors). DHL is also a significant participant in the U.S.-China express market.

readily be accommodated in combination aircraft and does not require the main deck capacity which Federal Express is proposing to add to its intra-Asia services.

Moreover, United itself offers an express air freight product on its service to/from China. This is an airport-to-airport service product known as TD.Guaranteed for time sensitive and priority shipments. See Exhibit UA-21. This service includes a money-back guaranteed delivery under an agreed schedule. United's nonstop San Francisco-Shanghai nonstop service will allow United to make important improvements in its schedule for its own express service, making that service more competitive with the door-to-door express services of companies like Federal Express and UPS.

While accommodating additional express traffic in the belly compartments of its combination aircraft, United can also add important services for the passengers carried on its main deck. The aircraft of Federal Express, on the other hand, serve only the express and cargo market. United's combination services offer far more benefits than Federal Express' specialized all-cargo services and, to the extent that there are too few frequencies to accommodate both, United's service should receive preference in allocation of frequencies.

11. *THERE IS WIDESPREAD CIVIC SUPPORT FOR UNITED'S SERVICE PLAN.*

United's plan for seven of the April 2000 China frequencies has generated broad support from government leaders, businesses and civic associations, and other transportation consumers throughout the San Francisco Bay area, the Washington, D.C. area, Virginia, New York and Chicago, and the reason is clear: United would generate more benefits, reaching a

broader spectrum of the traveling and shipping public, than the other applicants. See Exhibit UA-

22. A sample of these parties' comments is revealing:

- Senators Barbara Boxer and Dianne Feinstein of California underscore that United's San Francisco-Shanghai service "would generate the most economic benefit to the U.S.;"
- Governor Gray Davis of California highlights that there is currently no U.S. carrier nonstop service to China. Because the California Trade and Commerce Agency is planning to open a foreign trade office in Shanghai, a new U.S. carrier service between San Francisco and Shanghai would "further increase our trade and investment success with China;"
- Alicia Wang, First Vice Chair of California's Democratic Party, points out that San Francisco has been the gateway to America for millions of Chinese, and is now the gateway for thousands of companies doing business in Shanghai, San Francisco's sister city, and throughout Asia;
- Virginia's Congressional Delegation underscores that United's daily single-flight-number service from Washington's Dulles International Airport via San Francisco nonstop to Shanghai will "considerably enhance the convenience of Washington-originating passengers to this important and under-served Chinese destination," because "travelers from the Washington area are typically required to connect both at a U.S. gateway and at either Narita or Beijing;"
- Governor James **Gilmore**, Commonwealth of Virginia, states that business and leisure travelers alike will benefit from more seamless travel between Virginia and China's fastest-growing region. United's service will "connect Virginia's high-tech companies with Shanghai's burgeoning high-tech industry;"
- The Metropolitan Washington Airports Authority highlights that United's new Shanghai service will offer the first daily one-stop Shanghai service from the Washington area and save area travelers 2 ½ hours each way over United's existing online connecting service;
- The Port Authority of New York and New Jersey comments that United's single-plane through service "will considerably enhance the convenience of

New York area passengers to China's largest city and commercial center, Shanghai" and "further strengthen the ties between New York and China;"

- The Midwest Aviation Coalition, which represents over 300 businesses, associations, unions, and organizations through the Midwest, welcomes the prospect of better Midwest service to both Shanghai and Beijing. Under United's proposal, Chicago travelers would have both single plane service via Tokyo to Beijing and one-stop connecting service over San Francisco to Shanghai. United's single-plane service will eliminate the risk of missed connections and lost baggage and allow passengers to retain their seat assignments. As Illinois is the third largest exporting state to China, the Midwest Aviation Coalition also welcomes the prospect of a single-plane cargo service to Beijing;
- The International Association of Machinists and Aerospace Workers writes that "San Francisco is a major maintenance and repair facility *for* United Airlines that employs over 11,000 mechanics and support personnel. Awarding United this route will have an immediate impact on these employees and the community," offering greater job opportunities for IAM's members. The IAM also applauds United's "long-term view" in maintaining its commitment to the Chinese market even during Asian market downturns;
- Expeditors, a company that provides global logistics services through a network of 145 company-owned offices, nine of which are located in mainland China, writes: "As a global logistics provider, we increasingly rely on the services of United Airlines to service our clients around the world. We prefer to rely on the services of nonintegrated carriers, such as United, to transport our consolidated shipments. Currently, Expeditors uses our San Francisco office as [the] gateway for China bound business and would likely increase such activity if additional lift was brought into the market;" and
- The Information Technology Association of America, representing over 11,000 companies many of which are located in Northern California and the Silicon Valley, strongly supports United's application in light of the large percentage of business its members conduct in Asia. Apple Computer, Cortelco, and other high-tech companies also highlight that United's flights would offer the Silicon Valley a critical link to Shanghai, the commercial and financial center of China.

In summary, as the San Francisco Chronicle writes, the case for granting seven frequencies to United to begin daily nonstop service between San Francisco and its sister city, Shanghai, is “not just compelling. It is overwhelming.”“*
“

12. CONCLUSION.

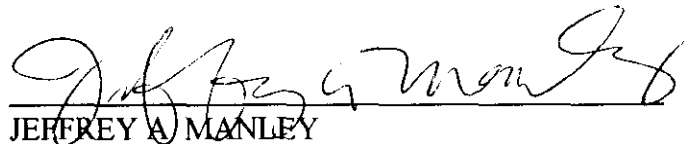
United urges the Department to proceed expeditiously to a decision allocating all 17 of the frequencies at issue in this case. United has demonstrated the superior public benefits that it would offer by using seven of those frequencies available in the second year to offer daily nonstop service between San Francisco and Shanghai. United would also use the opportunity offered by these new frequencies to make important service improvements for services between China and both Chicago and New York.

No other applicant offers anything approaching the benefits United’s diverse service proposal would involve. And United is prepared to offer these benefits without preempting the new service offerings of the other applicants, particularly in the first year of the

¹⁸ **SAN FRANCISCO CHRONICLE**, Friday, April 23, 1999

frequency phase-in. United, therefore, requests that its application for an allocation of seven additional U.S.-China nonstop combination frequencies be granted for effectiveness April 1, 2000.

Respectfully submitted,



JEFFREY A. MANLEY
KIRKLAND & ELLIS
655 Fifteenth Street, NW
Washington, DC 20005
(202) 879-5161

Counsel for
UNITED AIR LINES, INC

DATED: April 29, 1999

\\AVIATION\United\1122\consolidated reply of ua.wpd

United Airlines Proposed U.S.-China Service

Chicago-Tokyo-Beijing

Daily Service

Read Down

Flight UA-88 1

11:50 a.m.	Dep.
2:30 p.m.	Arr.
4:55 p.m.	Dep.
7:40 p.m.	Arr.
(+1)	

Chicago

Tokyo

Tokyo

Beijing

Read Up

Flight UA-882

Arr.	3:10 p.m.
Dep.	5:45 p.m.
Arr.	2:55 p.m.
Dep.	10:35 a.m.

Equipment type: B747-400

***On Most Days, United Has Superior Journey Times For
A Majority Of The Top 25 U.S.-Shanghai Passenger Markets***

<u>Rank</u>	<u>City</u>	<u>NW</u>	<u>UA</u>	<u>Time Saved</u>
1	LAX	16.4 hrs.	15.3 hrs.	1.1 hrs.
2	SFO	16.0	13.0	3.0
3	N Y C	18.8	19.4	-0.6
4	ORD	19.6	18.4	1.2
5	HNL	N/C	N/C	N/A
6	BOS	20.6	20.4	0.2
7	EWR	19.9	20.4	-0.5
a	IAD	19.8	19.9	-0.1
9	DTW	17.3	20.4	-3.1
10	IAH	20.5	18.4	2.1
11	SEA	14.9	15.4	-0.5
12	DFW	20.4	16.9	3.5
13	PHL	20.0	20.4	-0.4
14	ATL	20.5	19.4	1.1
15	MSP	16.8	20.1	-3.3
16	DEN	19.8	17.2	2.6
17	MIA	21.3	20.3	1.0
18	CLE	19.4	20.8	-1.4
19	PDX	16.7	15.9	0.8
20	PIT	19.4	20.4	-1.0
21	BWI	19.8	20.2	-0.4
22	SAN	16.2	16.3	1.9
23	MCO	21.3	20.3	1.0
24	STL	20.3	20.3	0.0
25	PHX	21.0	16.8	4.2

Note: Based on 4 days a week when NW does not have DTW-SHA nonstop service.

Source: OAG, April 1999

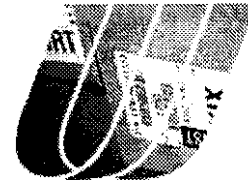
The U.S.-China Passenger Market Grew Despite Asian Economic Woes, And Continues To Grow

Change In Monthly CRS Bookings Over Prior Year

	China	Hong Kong	Jaaan	Korea
Jan-98	22%	-12%	-4%	-14%
Feb-98	29%	-18%	1%	-17%
Mar-98	1%	-31%	-23%	-28%
Apr-98	20%	3%	16%	-13%
May-98	8%	-9%	-10%	-22%
Jun-98	19%	3%	-7%	-15%
Jul-98	14%	14%	-7%	-7%
Aug-98	14%	15%	-11%	-20%
Sep-98	21%	5%	-8%	-15%
Oct-98	23%	13%	-10%	-3%
Nov-98	17%	11%	-9%	-2%
Dec-98	35%	24%	-3%	-6%
Jan-99	22%	4%	-5%	-1%
Feb-99	23%	29%	-7%	13%
Mar-99	44%	32%	20%	19%

Source: CRS booking data, January 1997-March 1999. Non-directional O&D bookings

Note: Reflects approximately 75% of industry bookings for Pacific

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Information****Air Cargo Services****International Shipping** > Small Package International | TD.Guaranteed |
International Air Freight**TD.Guaranteed**

United Cargo introduces a new approach to premium service, **TD.Guaranteed**. **TD.Guaranteed** is ideal for time-sensitive and priority shipments, no matter what the size (limited only by aircraft restrictions). **TD.Guaranteed** is available on select United flights including our DC10-30 freighters. And **TD.Guaranteed** service has a performance guarantee -your shipment will be delivered on time or your money back!

To make that happen, United Cargo has made extensive investments in **TD.Guaranteed** service, trained special teams, designed dedicated facilities and equipment and streamlined the handling process.

Please read the **TD.Guaranteed** product description below to make sure this service is right for you. Reservations for this service are currently not available online. For further information you can e-mail United Cargo or call 1-877-UAL-4949 to make shipment arrangements.

Description

- Airport-to-airport air freight service
- Shipment weight/size limited to fleet capabilities
- Booked on selected United flights
- Available between select cities
- Priority boarding status
- Dedicated cargo handling teams
- Exclusive drop off, pick up and staging areas

Drop Time in advance of flight

- Up to 4 hours before departure

Recovery time after flight arrival

- Documents and freight available 4 hours after flight arrival

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Scores of Civic Parties Have Filed in Support of United's Application

Civic parties overwhelmingly support United's proposal. Indeed, many parties have tiled letters or pleadings in support of United's application, including the following:¹

Government

The City and County of San Francisco²
The Metropolitan Washington Airports Authority
The City of Chicago³
Richard M. Daley, Mayor of Chicago
The Port Authority of New York and New Jersey
Barbara Boxer, United States Senator
Dianne Feinstein, United States Senator
California House of Representatives Delegation
Governor Gray Davis, State of California
Illinois Congressional Delegation
Virginia Congressional Delegation
Governor James S. Gilmore, III, Commonwealth of Virginia
John L. Burton, California State Senate, President Pro Tempore
Jackie Speier, California State Senator
Ted Lempert, Assemblymember, California Legislature
Louis J. Papan, Assemblymember, California Legislature
California Democratic Party

Businesses, Civic Associations, and Labor Organizations

APL Limited – Oakland, CA
Apple Computer, Inc. -- Cupertino, CA
Applied Materials – Santa Clara, CA
Asian Business Association, **Inc.** – San Francisco, CA
Bay Area Council – San Francisco, CA
Bechtel Enterprises, Inc. -- San Francisco, CA
Bill Graham Presents – San Francisco, CA
Booz-Allen & Hamilton Inc. – San Francisco, CA

¹ Unless otherwise indicated, copies of the support letters are included with this exhibit.

² Answer tiled April 26, 1999; Reply tiled April 29, 1999.

³ Reply tiled April 29, 1999.

California Chamber of Commerce – Sacramento, CA
CellularOne – South San Francisco, CA
Chicagoland Chamber of Commerce – Chicago, IL
Claudine Cheng & Associates – San Francisco, CA
Cortelco – Santa Clara, CA
Duty Free Shops – San Francisco, CA
Dynacom Corporation – South San Francisco, CA
Esprit de Corp. – San Francisco, CA
Expeditors – Seattle, WA
Fox Broadcasting – San Francisco, CA
Information Technology Association of America – Arlington, VA
International Association of Machinists & Aerospace Workers – Upper Marlboro, MD
Jeffrey J. Chang & Associates – San Francisco, CA
Kelly, Gill, Sherburne & Herrera – San Francisco, CA
LF International Inc. – San Francisco, CA
Matson Navigation Company – San Francisco, CA
Matson Terminals, Inc. – San Francisco, CA
Midwest Aviation Coalition – Chicago, IL
Mok, Shen & Company – San Francisco, CA
Oakland Metropolitan Chamber of Commerce – Oakland, CA
SGI -Mountain View, CA
San Francisco Chamber of Commerce – San Francisco, CA
The San Francisco Chronicle – San Francisco, CA
San Francisco Convention & Visitors Bureau – San Francisco, CA
San Mateo County Economic Development Association – San Mateo, CA
Sino American Investment & Development Corp. – San Francisco, CA
Sybase, Inc. – Emeryville, CA
Unison Group – South San Francisco, CA



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

44 Canal Center Plaza → Alexandria, Virginia 22314-1562

APR 26 1999

The Honorable Rodney E. Slater
Secretary of Transportation
U.S. Department of Transportation
400 Seventh Street, SW, #10200
Washington, DC 20596

Dear Secretary Slater:

On behalf of the Metropolitan Washington Airports Authority (Airports Authority) we write in support of the Application of United Airlines for allocation of seven weekly frequencies to operate *new* daily U.S. China service. The service will operate as a single **flight** number from Washington **Dulles** International Airport via San **Francisco** nonstop to Shanghai,,

The proposal **is** to provide daily service that will considerably enhance the convenience of Washington-originating passengers to this important and under-served Chinese destination. Metropolitan Washington area passengers will save 2% hour8 each way over United's existing online connecting service. Today, Shanghai-bound traveler8 from the Washington area do not have daily online one-stop service to Shanghai. **As** a practical matter, travelers from the Washington area are typically required to **connect** both at a U.S. gateway and at either **Narita** or Beijing. The **only** alternative is less than **daily** service over another gateway.

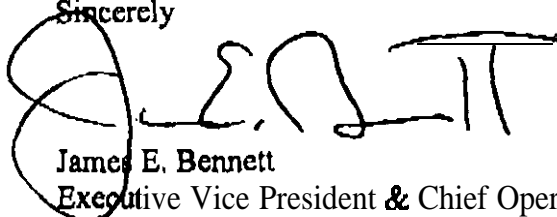
The service proposed by United Airlines will greatly benefit the Washington area travelers, **particulary** business traveler8 who require frequent service. For the **first** time, they will have a daily, roundtrip pattern of service requiring only a single connection. Passengers will connect at a U.S. point, rather than at Tokyo or Beijing. Washington travelers will have the added convenience of doing 80 while traveling on a single flight number, which lessens the **risk** of missed connection.

Overall, this **service will** improve access and convenience for Washington area travelers to China's largest city. Indeed, it will enhance service for millions within the Washington Airport's catchment **area**, and up and down the Eastern seaboard.

The Honorable Rodney E. **Slater**
U.S. Department of Transportation
Page 2

In light of these benefits to our region, we support the application of United in this proceeding.

Sincerely

A handwritten signature in black ink, appearing to read "J. E. Bennett", written over a circular stamp or seal.

James E. Bennett

Executive Vice President & Chief Operating Officer

SENT BY: CITY OF CHICAGO

4 29 99 , 12:16PM :

BUDGET OFFICE.

DEPT OF AVIATION: # 2 / 2

**OFFICE OF THE MAYOR****CITY OF CHICAGO****RICHARD M. DALEY**
MAYOR**April 29, 1999**

The Honorable Rodney Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Secretary Slater:

I am writing in strong support of the application of United Airlines for allocation of seven weekly nonstop frequencies to operate new daily U.S.-China service. As part of this proposal, United Airlines will operate single-plane service from Chicago to Beijing via Tokyo. This service will provide significant benefits to the entire Chicago region.

The proposed service will considerably enhance the convenience of Chicago passengers traveling to China's capital, Beijing. It will also allow Chicago passengers to easily fly to Shanghai with one-stop service. United's new service will provide Chicago with better access to one of the most important markets in Asia and further strengthen the economic and cultural ties between Chicago and China.

As you know, the Chicago region has a sizable Chinese-American population. The Chinese Premier Zhu Rongji recently visited Chicago and I will be personally traveling to China on a trade and cultural mission in May. The further development of Chicago-China relations is critically important.

International air service is a crucial element to Chicago's efforts to promote trade, jobs and tourism. This service will greatly improve access and convenience for Chicago area travelers to China. I strongly urge you to grant United's application for seven weekly nonstop frequencies to operate new air service in the U.S.-China market.

Thank you very much for your consideration of Chicago's views on this important topic.

Sincerely,

A handwritten signature in black ink, which appears to read "Richard M. Daley". Below the signature, the word "Mayor" is printed in a small, bold font.

THE PORT AUTHORITY OF NY & NJ



April 27, 1999

ROBERT J. KELLY
DIRECTOR
AVIATION DEPARTMENT

ONE WORLD TRADE CENTER
NEW YORK, NY 10048

(212) 435-7000
(973) 961-6600 x7000

Mr. Rodney E. Slater
Secretary of Transportation
Department of Transportation
400 Seventh Street, SW
Washington, DC

Re: U. S. China Air Services
Docket OST-99-5539

Dear Secretary Slater:

We write in support of the application of United Airlines for allocation of seven weekly nonstop frequencies to operate new daily U. S. - China service. As part of the proposal, United Airlines will operate same-plane service from New York to Shanghai via Tokyo.

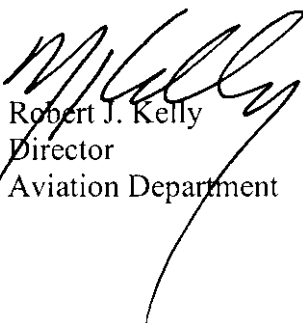
The proposed service will considerably enhance the convenience of New York area passengers to China's largest city and commercial center, Shanghai. The benefits of such service are significant. There will be no risk of a misconnection due to a delayed flight. Lastly, the risk of lost baggage due to a connection will be eliminated. Same-plane service reflects the type of service that many passengers prefer.

This service will further strengthen the ties between New York and China. In 1997, New York exports to China were \$766 million. This is a 13.9 percent increase from 1993. New York products -- from chemicals, transportation equipment to plastics -- are all exported to China. New York is the fourth largest state exporter to China. United's new service options will provide the state with better access to one of the most important markets in Asia.

The New York-Shanghai same-plane service will be operated using United's state-of-the art B747-400 equipment. The 747-400 will offer United's "First Suite" configuration. The Suite is the ideal service for business travelers. Given the significance of the New York and Shanghai as financial centers for the U. S. and for China an improvement in business connections should help expand traffic between the regions.

Overall, this service will greatly improve access and convenience for New York-area travelers to Shanghai. In light of these benefits, we support the application of United in this proceeding.

Sincerely,



Robert J. Kelly
Director
Aviation Department

United States Senate

HART SENATE OFFICE BUILDING
SUITE 112
WASHINGTON, DC 20510-0505
(202) 224-3553
senator@boxer.senate.gov
<http://www.senate.gov/~boxer>

April 15, 1999

President Bill Clinton
The White House
Washington, D.C. 20500

Dear **Mr.** President:

I write in support of a new daily non-stop flight from San Francisco International Airport (SFO) to China.

Let me first thank you for the Administration's efforts to secure the new bi-lateral aviation agreement with China, which I understand will provide 27 additional flight **frequencies** between the United States and China.

I urge you to ensure that seven of those 27 **frequencies** be used to initiate a daily non-stop San Francisco-to-Shanghai service. This new service clearly would generate the most economic benefit to the United States. International **traffic** at **SFO** generates about 54,000 direct jobs annually, and foreign visitors **spend** more than \$5 billion a year throughout the Bay Area. San Francisco, a major intermodal gateway to the **Pacific**, offers service to the entire United States. Shanghai, meanwhile, is the strongest international hub on China's East Coast and serves as China's gateway.

This flight, connecting the two Pacific gateways, would provide the entire United States with key trade and tourism links to the commercial and **financial** center for China in Shanghai and beyond to other Chinese cities. The historic links between California and China are unsurpassed. The first Chinese communities were established in California, and even now the state is one of the first choices among Chinese companies looking to establish a United States base. Despite these long-standing ties, no U.S. carrier operates non-stop service **from** California to China.

This new daily non-stop service will **finally** recognize and accommodate the burgeoning demand for air travel between hvo of the world's **greatest** commercial, manufacturing and tourism centers. I know you share my views that in today's global economy, strong air transportation links are critical to economic development and prosperity.

Please give this application your highest consideration.

Sincerely

A handwritten signature in black ink, appearing to read "Barbara Boxer", written over the printed name.

Barbara Boxer
United States Senator

United States Senate

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senator@boxer.senate.gov
<http://www.senate.gov/~boxer>

April 14, 1999

The Honorable Rodney Slater
Secretary
U.S. Department of Transportation
400 Seventh St., SW
Washington, D.C. 20590

Dear Secretary Slater:

I write in support of a new daily non-stop flight **from** San Francisco International Airport (SFO) to China

Let me first thank you for the Administration's efforts to secure the new bi-lateral aviation agreement with China, which I understand will provide 27 additional flight frequencies between the United States and China.

I urge you to ensure that seven of those 27 frequencies be used to initiate a daily non-stop San Francisco-to-Shanghai service. This new service clearly would generate the most economic benefit to the United States. International **traffic** at **SFO** generates about 54,000 direct jobs annually, and foreign visitors spend more **than** \$5 billion a year throughout the Bay Area. San Francisco, a major intermodal gateway to the Pacific, offers service to the entire United States. Shanghai, meanwhile, is the strongest **international** hub on China's East Coast and serves as China's gateway.

This flight, connecting the two Pacific gateways, would provide the entire United States **with** key trade and tourism links to the commercial and financial center for China in Shanghai and beyond to other Chinese cities. The historic links between California and China are unsurpassed. The first Chinese communities were established in California, and even now the state is one of the first choices among Chinese companies looking to establish a United States base. Despite these long-standing ties, no U.S. carrier operates non-stop service **from** California to China.

This new daily non-stop service will **finally** recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers. I know you share my views that in today's global economy, strong air transportation links are critical to economic development and prosperity.

Please give this application your highest consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Barbara Boxer". The signature is fluid and cursive, with the first name "Barbara" and last name "Boxer" clearly distinguishable.

Barbara Boxer

United States Senator



United States Senate

WASHINGTON, DC 20510-0504

(202) 2241-3841

April 15, 1999

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

I am writing to urge that seven of the new **frequencies** approved in the recent aviation agreement with China be allocated to provide direct service between San Francisco and Shanghai.

As a result of the Administration's effort, in advance of Premier Zhu **Rongji's** visit to the United States, the United States and China secured a substantial, new aviation agreement. The new agreement provides for additional service between the U.S. and China, one of the fastest growing and most important aviation markets in the world. The new agreement provides the U.S. with 27 **additional frequencies** and provides an opportunity to establish new daily non-stop service between San Francisco and Shanghai.

A new daily non-stop San Francisco-Shanghai service would clearly generate the most economic benefits to the United States. As you know, San Francisco is the strongest international hub on the West Coast and **is** the gateway to Asia. San Francisco offers service to the entire United States. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. **Through** San Francisco, virtually the entire United States can be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.

California and the City of San Francisco have long been considered the gateway to China. The links between California and China are undisputed. The first Chinese communities were established in California. For Chinese companies looking to set up a base in the United States, California is always one of their first choices. California citizens and businesses, for their part, have always reached out to China long before doing business in China was considered important. Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service **from** California to China. This new daily non-stop San Francisco-Shanghai service will finally recognize and

The Honorable William Jefferson Clinton
April 15, 1999'
Page 2

accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers.

In today's global economy, strong air transportation links are critical to economic development and prosperity. The impact of new air service on the San Francisco area, in particular, and in California, in general, will be tremendous. International **traffic** at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more **than** \$5 billion a year throughout the Bay Area. California's economic well being depends **on not** only maintaining, but also generating additional U.S.-China business.

The facts are **clear**: a new daily non-stop San Francisco-Shanghai service will generate tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your **consideration** of this important matter.

Sincerely yours,



Dianne Feinstein
United States Senator

DF:cnk



United States Senate

WASHINGTON, DC 20510-0504

(202) 224-3841

April 15, 1999

-The Honorable Rodney Slater
Secretary of Transportation
U.S. Dept. of Transportation
400 7th Street SW
Washington DC, 20259

Dear Secretary Slater:

I am writing to urge that seven of the new **frequencies** approved in the recent aviation agreement with China be allocated to provide direct service between San Francisco and Shanghai.

As a result of your department's effort, in advance of Premier Zhu **Rongji's** visit to the United States, the United States and **China** secured a substantial, new aviation agreement. The new agreement provides for additional service between the U.S. and China, one of the fastest growing and most important aviation markets in the world. The new agreement provides the U.S. with 27 additional frequencies and provides an opportunity to establish new daily non-stop **service** between San Francisco and Shanghai.

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The Honorable Rodney Slater
April 15, 1999
Page 2

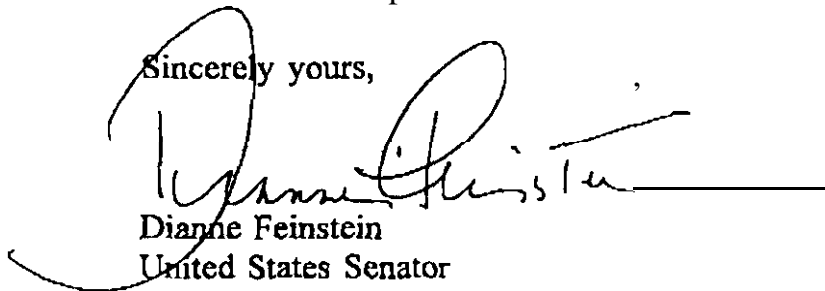
accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers.

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The facts are clear: a new **daily** non-stop San Francisco-Shanghai service will generate tremendous economic benefits to consumers and communities in California and the entire United States.

Thank **you** for **your** consideration of this important matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dianne Feinstein", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail that extends to the right.

Dianne Feinstein
United States Senator

DF:cnk

Congress of the United States

Washington, DC 20515

April 29, 1999

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

As a result of the Administration's efforts, the United States and China secured a substantial new aviation agreement. This new agreement, creating 27 additional frequencies, will allow for new service to be mounted between the U.S. and China, one of the fastest-growing and most important aviation markets in the world. We are writing you today to urge that seven of the 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

As you know, San Francisco is the strongest international hub on the West Coast, offering service to the entire United States, as well as being considered the gateway to Asia. Shanghai, the gateway to China, is the strongest international hub on China's East Coast. As a result, this new air service will allow the entire United States to be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.

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The facts are clear: The U.S. government now has an opportunity to create new

Ellen Oauschen Gary A. Meltz ~~James H. Hillman~~ ~~John F. Small~~
Sam Lam Robert J. Watoni Jerry Lewis
Ron Badcock Nancy Pelosi Tom Campbell
George Miller Lois Capps Tom Lantos
John D. Dingell Ben Rayburn Ed Royce
Anna C. Eshoo V. Nickles Thompson Barbara Lee
~~James H. Hillman~~ Howard S. Berman
Lynn Woolsey Mary Bono ~~Richard D. Lujan~~
Strom Thurmond ~~John J. Dingell~~ ~~Gregorio~~ ~~Public~~

Lucille Rydell Allard Wally Heger Back 7/9/80

Matthew S. Martinez

Congress of the United States

Washington, DC 20515

April 29, 1999

The Honorable Rodney Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Secretary Slater:

As a result of the Administration's efforts, the United States and China secured a substantial new aviation agreement. This new agreement, creating 27 additional frequencies, will allow for new service to be mounted between the U.S. and China, one of the fastest-growing and most important aviation markets in the world. We are writing you today to urge that seven of the 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

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The facts are clear: The U.S. government now has an opportunity to create new daily non-stop San Francisco-Shanghai service that will generate the most commercial benefits to the United States. A new daily non-stop San Francisco-Shanghai route will provide tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Sincerely,

Ellen Tausscher Gary A. Malkin ~~James H. Miller~~ ~~John D. S. Sander~~
Sam Fan Robert J. Matari Jerry Lewis
Ken Burkard Nancy Pelosi Tom Campbell
George Miller Lois Capps Tom Lantos
John T. Doolittle Ben Bellin Ed Royce
Anna G. Eshoo Mike Thompson Barbara Lee
~~Bob Filner~~ Howard L. Berman
Lynn Woolsey Nancy Bond I Djo

CALIFORNIA HOUSE DELEGATION SIGNATURES TO PRESIDENT CLINTON AND
SECRETARY SLATER ON S.F.-SHANGHAI ROUTE

1. Ellen Tauscher
2. Gary Miller
3. Juanita Millender-McDonald
4. Sam Farr
5. Bob Matsui
6. Jerry Lewis
7. Ron Packard
8. Nancy Pelosi
9. Tom Campbell
10. George Miller
11. Lois Capps
12. Tom Lantos
13. John Doolittle
14. Brian Bilbray
15. Ed Royce
16. Anna Eshoo
17. Mike Thompson
18. Barbara Lee
19. Gary Condit
20. Bob Filner
21. Howard Berman
22. Lynn Woolsey
23. Mary Bono
24. Julian Dixon
25. Steve Kuykendall
26. Zoe Lofgren
27. George Radanovich
28. Lucille Roybal-Allard
29. Buck McKeon
30. Wally Herger
31. Matthew Martinez



GOVERNOR GRAY DAVIS

April 20, 1999

**The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590**

Dear Secretary Slater:

Through the efforts of the U.S. Department of Transportation, the United States and China secured a substantial aviation agreement between both nations. The new accord provides the United States with 27 additional frequencies to China. I am requesting that seven of those 27 frequencies be used to initiate a daily non-stop San Francisco-Shanghai service.

This new service would generate significant economic benefits for California and the United States. As you know, San Francisco is the primary international hub on the West Coast and is considered the gateway to Asia. In fact, international traffic at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area.

At this time, there is no U.S. carrier operating a non-stop service from California to China. The California Trade and Commerce Agency is planning to open a foreign trade office in Shanghai. A new route between San Francisco and Shanghai would further increase our trade and investment success with China. For Chinese companies looking to further penetrate the U.S., California is one of their top priorities.

Secretary Rodney E. Slater

April 20, 1999

Page two

In today's global economy, improved air routes are often the defining factors for improving the personal and government ties that are so important to economic development. In 1998, California exported \$2.5 billion in goods to China. A daily non-stop San Francisco-Shanghai service would generate further economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Sincerely,


GRAY DAVIS

United States Senate
WASHINGTON, DC 20510

April 29, 1999

The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, SW
Washington, DC 20590

Dear Secretary Slater:

We write in support of an application filed by United Airlines (OST-99-5539) for allocation of seven weekly nonstop frequencies to provide new daily U.S.-China service. As part of the proposal, United Airlines will operate same-plane service from Chicago to Beijing via Tokyo.

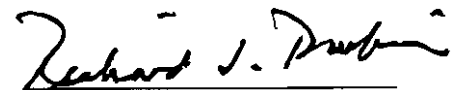
This proposal reflects the type of service that many passengers prefer. The convenience of maintaining constant seat assignments, reducing the likelihood of lost baggage due to changing planes, **and** reduced delays **are** all benefits of same-plane service. **This** type of service will enhance the convenience of Chicago-originating passengers flying to China's capital, Beijing.

Illinois has strong ties to China. In 1997, Illinois exports to China **surpassed** \$1 billion. Illinois products--from agricultural commodities to tractors -- are all exported to China. Illinois is currently the third largest exporting state to China, superceded only by California and Washington. United Airlines' new service options would provide Illinois **with** greater accessibility to these new, important **markets in** China.

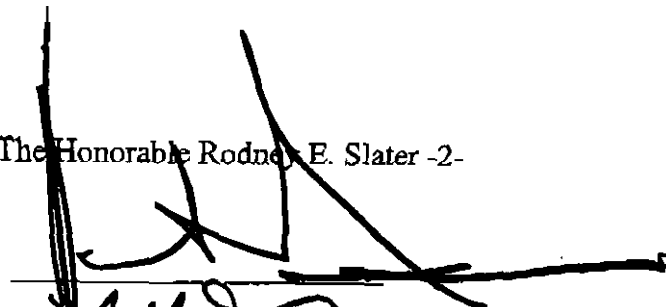
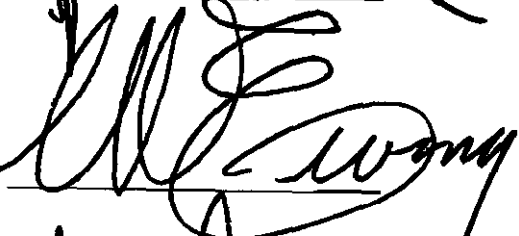
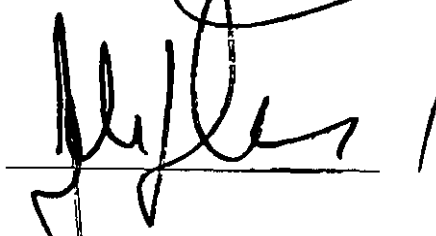
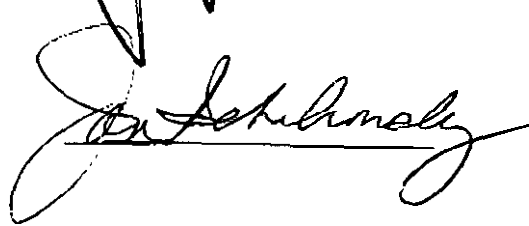
United's new proposal **has** additional benefits as well, for those wishing to fly to Shanghai. A part **of United's** plan is to allow passengers to travel to Shanghai via connection at Tokyo or San Francisco. The additional service options are beneficial to the many U.S. customers who prefer to change planes in a U.S. airport.

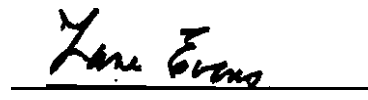
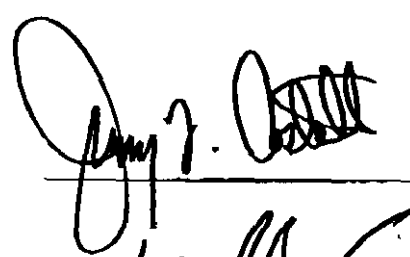


United Airlines' new service proposals offer **many** benefits to travelers destined for China's capital **of Beijing** or their largest city, Shanghai. The service enhancements proposed by United can potentially enhance trade relationships and cultivate Midwest industries. We support United Airlines' proposal, and we thank you in advance for your consideration of this matter.

Sincerely,



The Honorable Rodney E. Slater -2-

Congress of the United States

Washington, DC 20515

April 26, 1999

The Honorable Rodney Slater, Secretary
U.S. Department of Transportation
400 7th street, SW
Washington, DC 20590

Dear Mr. Secretary:

On behalf of the Virginia Congressional Delegation, we write in strong support of the Application of United Airlines for allocation of **seven** weekly **frequencies** to **operate** new daily U.S.-China service. **The daily** service **will** operate **as** a single flight **number** from Washington's **Dulles International** Airport via San Francisco **nonstop** to **Shanghai**.

The proposed **service** will considerably enhance the convenience of Washington-originating passengers to **this** important and under-served Chinese **destination**. **Metropolitan Washington** passengers **will** save 2% hours each way over United's **existing** online connecting service. Today, Shanghai-bound **travelers** from the Washington **area** lack **even** a daily online **one-stop** service to Shanghai. As a **practical** matter, **travelers** from the Washington **area** are typically required to connect **both** at a U.S. gateway **and** at either **Narita** or **Beijing**. **The only** alternative is less-than-daily round-trip service over another gateway.

The service proposed by United Airlines will greatly **benefit Washington area travelers, particularly business** travelers who require **daily** service. For **the first** time, they will have a daily round-trip pattern of service requiring only a single connection. Passengers will connect at a U.S. point, **rather** than at Tokyo or **Beijing** (with all the difficulties associated with **transiting** foreign facilities). Washington travelers will have the added **convenience** of doing so while **traveling** on a single flight number, which lessens the risk of missed connections.

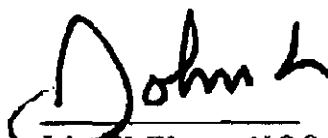
Overall, this **service** will greatly improve access and convenience for Washington area travelers to China's **largest** city. Indeed, it will enhance service for millions within **the** Washington Airport's **catchment area**, and up and down the **Eastern** Seaboard where the only **alternative** is two-stop service through the Midwest.

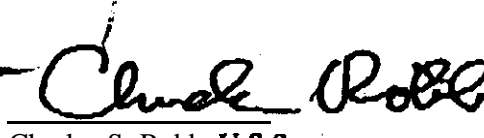
In light of these benefits to our region, we strongly **support** the application of United in this proceeding.


Tom Davis, M.C.


James P. Moran, M.C.


Frank R. Wolf, M.C.


John W. Warner, U.S.S.


Charles S. Robb, U.S.S.



COMMONWEALTH of VIRGINIA

Office of *the* Governor

James S. Gilmore, III
Governor

April 28, 1999

The Honorable Rodney E. Slater
Secretary of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: U.S.-China Air Services
Docket OST-99-5539

Dear Mr. Secretary:

On behalf of the Commonwealth of Virginia, I am writing in support of the application of United Airlines for allocation of seven weekly frequencies to operate new daily U.S.-China service. United's proposal to operate daily service with a single flight number from Washington's Dulles International Airport via San Francisco to Shanghai would be an important air service enhancement for Virginia.

The proposed service will improve the convenience of air travel between Virginia and China's fastest-growing region. Business and leisure travelers alike can benefit from more seamless travel between these two important markets. This service will connect Virginia's high-tech companies with Shanghai's burgeoning high-tech industry. The service should also bolster Virginia's exports to China, which have substantially increased since 1994.

In light of the benefits to the citizens of and visitors to the Commonwealth, we strongly support the application of United in this proceeding.

Very truly yours,

A handwritten signature in black ink, reading "James S. Gilmore, III".

James S. Gilmore, III
Governor of Virginia

SACRAMENTO OFFICE
STATE CAPITOL, ROOM 808
SACRAMENTO, CA 95814
(916) 448-1412

DISTRICT OFFICES
801 VAN NEES AVENUE
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SAN FRANCISCO, CA 94102
(415) 447-1240

MARIN CIVIC CENTER
3501 CIVIC CENTER, ROOM 425
SAN RAFAEL, CA 94903
(415) 879-8813

California State Senate

COMMITTEES:
RULES
CHAIRMAN

JOHN L. BURTON
PRESIDENT PRO TEMPORE

April 19, 1999



The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20390

Dear Secretary Slater:

As a result of your Department's effort, in advance of Premier Zhu Rongji's visit to the United States, the United States and China secured a substantial, new aviation agreement. The new agreement provides for additional service between the U.S. and China, one of the fastest growing and most important aviation markets in the world. The new agreement provides the U.S. with 27 additional frequencies. We urge that seven of those 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

The U.S. government now has an opportunity to create new service that will generate the most commercial benefits to the United States. A new daily non-stop San Francisco-Shanghai service would clearly generate the most economic benefits to the United States. As you know, San Francisco is the strongest international hub on the West Coast and is the gateway to Asia. San Francisco offers service to the entire United States. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. Through San Francisco, virtually the entire United States can be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.


California and the City of San Francisco have long been considered the gateway to China. The links between California and China are undisputed. The first Chinese communities were established in California. For Chinese companies looking to set up a base in the United States, California is always one of their first choices. California citizens and businesses, for their part, have always reached out to China long before doing business in China was considered important. Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers - San Francisco and Shanghai.

In today's global economy, strong air transportation links are critical to economic development and prosperity. The impact of new air service on the San Francisco area, in particular, and in California, in general, will be tremendous. International traffic at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area. California's economic well being depends on not only maintaining, but also generating additional U.S.-China business.

The facts are clear: a new daily non-stop San Francisco-Shanghai service will generate tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Peace and friendship,


JOHN BURTON
President pro Tempore
of the Senate

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ROOM 3032
SACRAMENTO, CA 95814-4808
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FAX (916) 327-2108

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E-MAIL: jspeier@sen.ca.gov
WEBSITE: www.sen.ca.gov/jspeier

California State Senate

JACKIE SPEIER

REPRESENTING SAN FRANCISCO AND SAN MATEO COUNTIES



COMMITTEES:

CHAIR:
INSURANCE
SELECT COMMITTEE ON
GOVERNMENT OVERSIGHT

MEMBER:

AGRICULTURE & WATER
RESOURCES
BUSINESS & PROFESSIONS
ENERGY, UTILITIES &
COMMUNICATIONS
TRANSPORTATION
JOINT COMMITTEE ON
LEGISLATIVE AUDIT

April 16.1000

The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, SW
Washington O.C. 20590

Dear Secretary Slater,

Congratulations on your success in securing the new April 8 aviation agreement between the U.S. and China. As I understand it, the agreement provides 27 new "frequencies" between the two countries. This service will be important for both the U.S. and for China.

I represent San Mateo and San Francisco counties in the California State Senate and, as such, I want to urge you to award a daily non-stop service to San Francisco. This award would finally allow a new daily non-stop San Francisco - Shanghai service. Currently, no U.S. carrier is now allowed to fly between California and China. San Francisco and Shanghai represent the best opportunities as gateways which would extend trade and travel reach throughout our two countries. From my specific perspective, there is no doubt that such a new route will serve the Bay Area, California and the western states well.

For the state of California, trade and tourism with Asia is an important and growing part of our economy - and an increase in the capacity for this business will represent the significant creation of new jobs and increased revenues for the state.

As you know, San Francisco is also building a new international terminal to handle the tremendous demand in international travel. This new air service to China would benefit from our public infrastructure investment and would finally recognize and accommodate the demand for air travel between these two great commercial, manufacturing and tourism centers.

I ask that you please consider San Francisco as you begin to implement this new aviation agreement.

Sincerely,

A handwritten signature in black ink that reads "Jackie Speier".

JACKIE SPEIER
State Senator
8th Senate District, San Francisco and San Mateo Counties

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STATE CAPITOL
P.O. BOX 948848
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FAX (916) 373-2121
DISTRICT OFFICE
4149-B EL CAMINO WAY
PALO ALTO, CA 94306-4010
(650) 595-2101
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Web Site
www.assembly.ca.gov/tempert
E-Mail ted.lempert@asm.ca.gov

Assembly California Legislature

TED LEMPERT

ASSEMBLYMAN, TWENTY-FIRST DISTRICT
REPRESENTING PORTIONS OF SAN MATEO AND SANTA CLARA COUNTIES

COMMITTEES:
CHIEF, HIGHER EDUCATION
CHIEF, SELECT COMMITTEE ON
EDUCATION TECHNOLOGY
CHIEF, SELECT COMMITTEE ON
THE PROTECTION OF
INLAND WATERWAYS
INTERNATIONAL TRADE AND
DEVELOPMENT
ENVIRONMENTAL SAFETY AND
TOXIC MATERIALS
CONSUMER PROTECTION,
GOVERNMENTAL EFFICIENCY
& ECONOMIC DEVELOPMENT
GOVERNMENTAL ORGANIZATION
SELECT COMMITTEE ON
COASTAL PROTECTION

April 22, 1999

The Honorable Rodney E. Slater
Secretary, U.S. Department of Transportation
400 Seventh St., S.W.
Washington, D.C. 20590

Dear Secretary Slater:

An a result of your Department of Transportation's effort, in advance of Chinese Premier Zhu Rongji's visit to the United States, the United States and the People's Republic of China secured a substantial, new aviation agreement. The new agreement provides for additional service between the U.S. and China, one of the fastest growing and most important aviation markets in the world. The new agreement provides the U.S. with 27 additional frequencies. We urge that seven of those 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

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The Honorable Rodney E. Slater

April 22, 1999

Page 2

In today's global economy, strong air transportation links are critical to economic development and prosperity. The impact of new air service on the San Francisco area in particular, and in California, in general, will be tremendous. International traffic at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area. California's economic well being depends on not only maintaining, but also generating additional U.S.-China business

The facts are clear: a new daily non-stop San Francisco-Shanghai service will generate tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Sincerely,



TED LEMPERT
Assemblyman, 21st District

TL:mbm

SACRAMENTO ADDRESS
STATE CAPITOL
P.O. BOX 942848
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DISTRICT ADDRESS
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MILLBRAE, CA 94030
(650) 899-3848
FAX (650) 899-3848
E-mail: Lou.Papan@assembly.ca.gov

Assembly
California Legislature



LOUIS J. PAPAN
ASSEMBLYMEMBER, NINETEENTH DISTRICT

COMMITTEES:
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BANKING AND FINANCE
MEMBER
APPROPRIATIONS
BUDGET
UTILITIES & COMMERCE

April 19, 1999

Honorable Rodney E. Slater
Secretary, U. S. Department of Transportation
400 Seventh Street, SW
Washington, DC 20590

Dear Secretary Slater:

As a result of your Department's effort, in advance of Premier Zhu Rongji's visit to the United States, the United States and China secured a substantial, new aviation agreement. The new agreement provides for additional service between the U. S. and China, one of the fastest growing and most important aviation markets in the world. The new agreement provides the U.S. with 27 additional frequencies. We urge that seven of those 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

The U.S. government now has an opportunity to create new service that will generate the most commercial benefits to the United States. A new daily non-stop San Francisco-Shanghai service would clearly generate the most economic benefits to the United States. As you know, San Francisco is the strongest international hub on the West Coast and is the gateway to Asia. San Francisco offers service to the entire United States. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. Through San Francisco, virtually the entire United States can be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.

California and the City of San Francisco have long been considered the gateway to China. The links between California and China are undisputed. The first Chinese communities were established in California. For Chinese companies looking to set up a base in the United States, California is always one of their first choices. California citizens and businesses, for their part, have always reached out to China long before doing business in China was considered important. Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service will finally

Honorable Rodney E. Slater

Page 2

April 19, 1999

recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

In today's global economy, strong air transportation is critical to economic development and prosperity. The impact of new air service on the San Francisco area, in particular, and in California, in general, will be tremendous. International traffic at the San Francisco International Airport generates some 34,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area. California's economic well being depends on not only maintaining, but also generating additional U.S.-China business.

The facts are clear: a new daily non-stop San Francisco-Shanghai service will generate tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis J. Papan".

LOUIS J. PAPAN
Assemblyman, 19th District

Alicia Wang
First Vice Chair
California Democratic Party
2350 Anza
San Francisco, California 94118

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, DC 20500

Dear Vice President Gore:

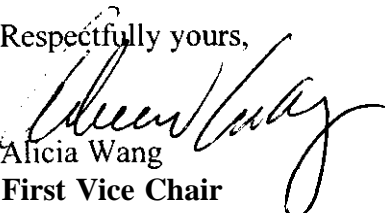
I am writing to urge you and the Administration to support new daily nonstop service between San Francisco and Shanghai. This Administration has made tremendous strides in advancing trade between Asia and the United States. Securing a substantial new aviation agreement that allows for new service between China and the United States will be part of that legacy, only if we originate those flights from San Francisco.

As a member of the Democratic National Committee and Vice Chair of the California State Party. I can think of no other choice that would be as significant. San Francisco is home to thousands of Chinese, many of who have emigrated from Shanghai. Ties between the two cities are strong and vibrant, San Francisco and Shanghai are in fact sister cities symbolizing the rich historical relationship between these two international ports. For this administration to consider locating this new non-stop air service anywhere else is simply not rational.

San Francisco has been the gateway to America for millions of Chinese, and is now the gateway for thousands of companies doing business in Shanghai and Asia. We must not lose this opportunity to sustain this economic bridge to the future that will generate substantial commercial benefits for all of us.

Thanks you for your consideration,

Respectfully yours,


Alicia Wang
First Vice Chair
California Democratic Party

April 19, 1999



The Honorable Albert Gore
Vice President of the United States
The White House
Washington, DC. 20500

Tim Rhein
President and
Chief Executive Officer

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire US. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond, to other Chinese cities.

For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Tim Rhein

APL Limited
1111 Broadway
Oakland, CA 94607-5500 USA
TEL (510) 272-8205
FAX (510) 272-8930



April 19, 1999

The Honorable Al Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As you know, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China and to other Chinese cities.

For Apple Computer and other high tech companies, China is an important and growing market. In today's global economy, strong air transportation links are critical to economic development and prosperity. A new daily non-stop San Francisco-Shanghai flight is important to continued economic growth for California and the United States economy. In addition, a transcontinental flight would generate more commercial benefits for U.S. consumers and communities.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, which appears to read "Nancy R. Heinen", is written over the typed name and title.

Nancy R. Heinen
Senior Vice President, General Counsel, and Secretary

APPLIED MATERIALS

James C. Morgan
CHAIRMAN
CHIEF EXECUTIVE OFFICER



April 20, 1999

**The Honorable Albert J. Gore, Jr.
Vice President of the United States
Office of the Vice President
Old Executive Office Building
Washington, DC 20501**

Dear Mr. Vice President:

On behalf of Applied Materials and our many high-technology industry neighbors in Silicon Valley, I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

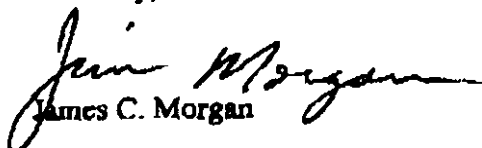
As you know, thanks to the Administration's recent efforts, the United States and China have completed a substantial new aviation agreement that allows for new service between the two countries. Considering Silicon Valley's and California's strong economic and cultural links across the Pacific, locating one of the new routes here at San Francisco makes good business sense and would be convenient not only to Silicon Valley but as a gateway hub that serves the entire nation.

San Francisco is the strongest international hub on the West Coast and already serves as one of America's busiest gateways to Asia. Shanghai - San Francisco's sister city - is China's epicenter of high-technology and a primary entry point for many Americans visiting or conducting business throughout China. Here in California, China is becoming an increasing vital trade partner as we increase our exports to the region. Surprisingly, we have been able to grow these economic links without a single U.S. carrier providing non-stop service.

In the new global economy, air transportation links are critical to economic development and prosperity. Considering the already strong relationship between California and the Pacific Rim, a new daily non-stop flight between San Francisco and Shanghai has the potential to provide increased commercial and cultural benefits to our two peoples.

Thank you for your consideration and attention.

Sincerely,


James C. Morgan

Enclosure

3050 Bowers Avenue
Santa Clara, California 95051
Phone: (408) 727-5555
FAX: (408) 490-8421
Telex: 34-6332

Mailing Address:
Applied Materials Inc.
P.O. Box 58039
Santa Clara, California 95052



Asian Business Association Incorporated

April 20, 1999

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The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. **I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.**

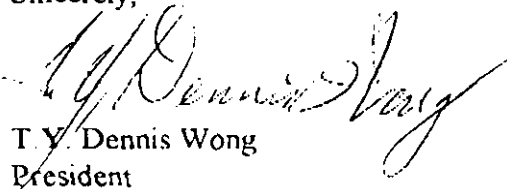
San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire United States. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities,

For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,


T.Y. Dennis Wong
President

74 New Montgomery Street, Suite 760, San Francisco, California 94105

Tel: (415) 284-6765 Fax: (415) 284-6767 Website: www.asianba.org E-mail: aba.inc@worldnet.att.net

BAY AREA COUNCIL

• 200 Pine Street, Suite 300
San Francisco, CA 94104
(415) 981-6600
Fax (415) 981-6408
• <http://www.bayareacouncil.org>

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Pacific Gas and Electric Company

D. CHRIS SULLIVAN
Chairman & CEO
The Clorox Company

Ex Officio
BUNNIE WRIGHT MCFARLAN
President & CEO
Bay Area Council

*As founded in 1947, the Bay Area Council
is a business-oriented organization
that acts as a public policy lobby, offering
the economy and quality of life in the
Bay Area. The Council also represents
the Bay Area Economic Forum.*

April 22, 1999

The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Secretary Slater:

Thank you for your leadership in securing the recent aviation agreement providing additional service between the United States and China. Your efforts have substantially advanced one of the fastest growing and most important aviation markets in the world. We urge that seven of those 27 frequencies be designated for a new daily non-stop San Francisco-Shanghai service.

A daily non-stop San Francisco-Shanghai service is an excellent opportunity to create regional commercial benefits that contribute economic prosperity for the entire United States. San Francisco, a strong international hub, is a natural west coast gateway to Asia and offers service to the entire United States. Shanghai, the center of commerce and finance for China, is the strongest international hub on China's east coast and is a gateway to China and beyond.

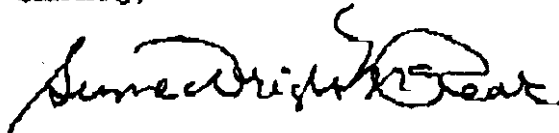
The historical links between the Bay Area and China are undisputed. The Bay Area is one of the first choices for Chinese companies selecting sites for U.S. locations and local businesses have continually realized the importance of trade with China. Remarkably, despite economic and cultural ties, no U.S. carrier operates non-stop service from the Bay Area to China. A daily non-stop San Francisco-Shanghai service will finally recognize and accommodate present and future demands for air travel between two of the world's greatest commercial, manufacturing, and tourism centers - San Francisco and Shanghai.

Letter to the Honorable Rodney E. Slater
Secretary, U.S. Department of Transportation
April 22, 1999
Page 2

Strong air transportation links are critical to economic development and vitality. International traffic at the San Francisco International Airport supports some 54,000 jobs annually, while foreign visitors spend more than \$5 billion a year throughout the Bay Area. In 1996 California exports to Asia reached almost \$47 billion. The impact of new air service on the San Francisco Bay Area, in particular, and in California, in general, will be tremendous. The economic well being of this region and the state both depend on not only maintaining, but also initiating new U.S.-China business.

New San Francisco-Shanghai service will produce great economic benefits to consumers and communities in the Bay Area region, California and the entire United States.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sunne Wright McPeak". The signature is fluid and cursive, with a large, stylized "S" at the beginning and a circular flourish at the end.

Sunne Wright McPeak
President



April 21, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that **will allow** for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, **new** air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

For the State of California, trade with **China** is an important **and** growing part of our economy. **In fact**, with the exception of Washington State, California has averaged more exports to China than any other state since **1990**. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China,

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai **flight** will generate more commercial benefits to U.S. consumers and communities than any other **service** and **will** finally recognize and **accommodate** the burgeoning demand for air travel between two of the **world's** greatest commercial, manufacturing and tourism centers-San Francisco and Shanghai.

Thank you for your consideration of **this** important matter.

Sincerely,

Daniel K. H. Chao
Executive Vice President
and Managing Director

April 21, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

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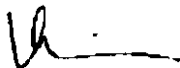
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In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers -- San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Nicholas Clainos
President

NC:sw



P.O. BOX 429094 • SAN FRANCISCO, CA 94142-9094
TELEPHONE: 415/541-0800. FAX: 415/1243-9603

BOOZ·ALLEN & HAMILTON INC.

101 CALIFORNIA STREET • SUITE 3300 • SAN FRANCISCO, CALIFORNIA 94111-5855 • TELEPHONE: (415) 391-1900 • FAX: (415) 627-4283

April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

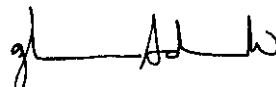
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In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S. - China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Ghassan Salameh
Vice President

BOOZ·ALLEN & HAMILTON INC.



CALIFORNIA CHAMBER of COMMERCE

ALLAN ZAKENBERG
PRESIDENT AND EXECUTIVE CHAIR

April 16, 1999

The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Secretary Slater:

We were pleased to learn of **the** important new aviation agreement reached between the United States and the Peoples Republic of China on April 5 and 6, authorizing 27 additional frequencies between the U.S. and this important and rapidly expanding Asian market. We believe this agreement will result in significant and continuing benefits for both countries.

I am writing to you to urge **that** you approve seven of those new frequencies for non-stop service between San Francisco and Shanghai. While **two** Chinese airlines currently offer non-stop service between China and California, no U.S. carrier presently provides such service. Because of that fact, many American travelers, who prefer to fly on U.S. carriers, face trips with one or more stops en route.

Historically, California, and particularly San Francisco, has been the gateway to China, both for travelers and for **commerce**. Similarly, the people of China always have looked to San Francisco and California as their gateway to the United States. This has resulted in long-held cultural and economic relationships between **the** Chinese and our nation, with California as the focal point of contact.

San Francisco is the largest and most important U.S. air transportation hub on the West Coast and Shanghai is recognized as the strongest international hub on China's East Coast. The establishment of non-stop air service between these two key financial and commercial centers will offer substantial and increasing benefits to China, California and the entire United States.

The Honorable Rodney E. Slater

April 19, 1999

Page 2

The California Chamber of Commerce includes more than 11,000 members which employ more than half a million California workers. Our primary purpose is to strengthen and expand the state's economy and thereby create new jobs. You are aware of the importance of California to the U.S. economy, and the new jobs created by this new San Francisco-Shanghai air service, in California, as well as other states, will have a beneficial result for both our state and the nation.

Based upon all of these facts, the California Chamber of Commerce strongly urges that you grant seven of the new frequencies between the US. and China to non-stop air service between San Francisco and Shanghai. We believe the resulting benefits will be of value to all concerned.

Thank you for your consideration of this important matter.

Sincerely,



Allan Zarembo

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AZ:gs

CELLULAR ONE

CELLULARONE

April 21, 1999

**The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500**

Dear Mr. Vice President:

As a **result of** the Administration's efforts, the United States and China **recently** secured a substantial ntw **aviation** agreement, that **will** allow for new service between the two **countries**. I am writing to urge your support for a new daily non-stop flight between San **Francisco** and Shanghai.

San Francisco is the **strongest international** hub on the West **Coast** and serves as a gateway to Asia and the **entire** U.S. Shanghai **is** the strongest **international** hub on China's East Coast and is the gateway to **China**. As a result, new air **service** between **these two cities** will connect the **entire** United States to **Shanghai**, the commercial and financial center of China, and beyond to other Chinese **cities**.

for the state of Colifornia, trade **with** China is an important and growing part of our economy. In fact, with the **exception of** Washington State, California has averaged more exports to Chino than any **other state since** 1990. Remarkably, despite these

critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely

A handwritten signature in black ink, appearing to read "Sue Swenson", with a long horizontal flourish extending to the right.

5.6. Swenson
President & CEO
Cellular One



April 28, 1999

The Honorable Rodney Slater
U.S. Secretary of Transportation
U.S. Department of Transportation
400 7th Street, SW
Washington, DC 20590

Re: U.S.-China Air Services, Docket OST-99-5539

Dear Secretary Slater:

We write today in **strong** support of the **application** of United Airlines for **allocation** of seven weekly nonstop frequencies to operate new **daily** U.S.-China service. As part of the proposal, United Airlines **will** operate same-plane service from Chicago to Beijing via Tokyo.

The **Chicagoland** Chamber of Commerce represents over **2500** members firms **and** the over one million individuals they employ. These companies rely on leaders at all levels of government to help create and support public policy that will **maintain** the Chicagoland region so that it is attractive and productive for current and potential employers, tourists and residents. The Chamber's mission's is ". . . to make Chicagoland the most business-friendly region in America."

The proposed service **will** considerably enhance the convenience of **Chicago-originating** passengers to China's capital of Beijing. The benefits of such service are significant. There will be no risk of **misconnection** due to a delayed flight and seat assignments will not change. In addition, the risk of lost baggage due to a connection will be eliminated. Same-plane service reflects the type of service that most passengers prefer.

In addition, United's proposal allows **Illinois** passengers to fly to Shanghai via either a connection in Tokyo or San **Francisco**. This gives Shanghai-bound **passengers** more service options. Passengers can **connect** at a U.S. point, rather than at Tokyo. **If** a connection is **involved**, many **U.S.** passengers strongly prefer to change planes in the U.S.

These services will further strengthen the ties between Illinois and China. **In** 1997, **Illinois** exports to **China** **soured** over \$1 billion. **Illinois** products -from wheat and corn, Caterpillar **tractors**, Motorola electronics, to **McDonald** hamburgers - are all exported to China Illinois is the third largest exporting state to China and is only superseded by **the** West Coast states of California and Washington. Despite O'Hare International Airport's position as the transportation hub of the nation other smaller cities have better service to China. United's new service options will provide the state's **businesses** with **essential** access to one of the most important **markets** in Asia which is crucial to the Midwestern economy.



Overall, these services will greatly improve access and convenience for Illinois travelers to China's **capital, Beijing and** China's largest city, Shanghai. Indeed, it will enhance service for **millions** in the surrounding Midwest region. **In** light of these benefits, we strongly support the application of United Airlines in **this** proceed&g.

If you have additional questions **about** the **Chamber's** position, please contact **Stacey** Spencer at **312/494-6733**. Thank you for **your time** and **consideration**.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gerald J. Roper', written over a horizontal line.

Gerald J. Roper
President & CEO

Claudine Cheng & Associates
World Trade Center
Suite 271
San Francisco, CA 94111
April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. **I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.**

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers – San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Claudine Cheng
Member, California State World Trade Commission
Chair, San Francisco Bay Area World Trade Center



4950 Patrick Henry Dr.
Santa Clara, California 95054

Tel: 408/492-9900 . Fax: 408/982-0235

<http://www.cortelco.com>

April 21, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a **substantial** new aviation agreement that will allow for new service between the two countries. I am **writing** to urge your support for a **new** daily non-stop **flight** between San Francisco/Silicon Valley and Shanghai.

San Francisco and the Bay Area represent the strongest international hub on the West Coast and serve as a gateway to Asia and the **entire U.S.** Shanghai is the strongest international hub on China's East Coast and is **the** gateway to **China**. As a result, new air service between Shanghai **and** the Silicon Valley will connect **the** entire United States to Shanghai, the commercial and **financial** center of China, and beyond to other **Chinese** cities.

For **the** state of California, trade **with** China is an important and growing **part** of our economy. In fact, with the exception of **Washington** State, California **has** averaged more exports to China than any other state since 1990. **Remarkably**, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, **strong** air **transportation** links are critical to economic development and prosperity. For this reason, **California's** economic **well-being** depends on **maintaining** and generating additional **U.S.-China business**. **The** Silicon Valley strongly supports a new daily non-stop San Francisco-Shanghai **flight**. We believe that this will generate more commercial benefits to Silicon Valley, and in **turn** to other U.S. consumers and communities, more than any other **service**. The daily non-stop **flight** will also **finally** recognize and accommodate the burgeoning demand for air travel **between** two of the world's greatest commercial, manufacturing, tourism and **high tech** centers - San Francisco/Silicon Valley and Shanghai.

Thank you for your consideration of this important matter. Additionally, my wife and I had dinner yesterday evening **with** Bill and Sally Hambrecht. **They** are doing well and asked me to send their warm regards to you and **your** family.

Respectfully yours,

A handwritten signature in cursive script that reads 'David S. Lee'.
David S. Lee



430 North Canal St, Unit 18 • South San Francisco, CA94080
Tel: (650) 589-9200 • Fax: (650) 589-0845

April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China secured a substantial new aviation agreement. This new agreement, creating 27 additional frequencies, will allow for new service to be mounted between the U.S. and China, one of the fastest growing and most important aviation markets in the world. We are writing you today to urge that seven of the 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

As you know, San Francisco is the strongest international hub on the West Coast, offering service to the entire United States, as well as being considered the gateway to Asia. Shanghai, the gateway to China, is the strongest international hub on China's East Coast. Thus, this new air service will allow the entire U.S. to be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.

The links between California and China are undisputed. The first Chinese communities were established in California. For Chinese companies looking to set up a base in the U.S., California is always one of their first choices. California citizens and businesses, for their part, have always reached out to China long before doing business in China was considered important. Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers – San Francisco and Shanghai.

In today's global economy, strong air transportation links are critical to economic development and prosperity. The impact of new air service on the San Francisco area, in particular, and in California, in general, will be tremendous. International **traffic** at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area. California's economic well-being depends on not only maintaining, but also generating additional U.S.-China business. Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Eddy S. Lee". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eddy Lee
President

April 22, 1999



The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the **Administration** efforts, the United States and China recently secured a substantial new aviation **agreement** that will allow for new service **between** the **two** countries. **I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.**

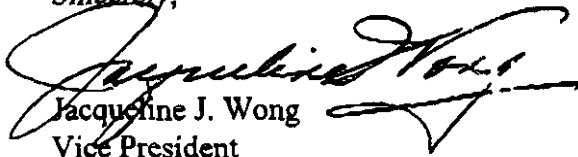
San Francisco is **the** strongest international hub on the West Coast and serves as a gateway to **Asia** and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the **gateway** to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial **center** of China, and beyond to other Chinese cities.

For the state of California, trade with China is an important and growing **part** of **our** economy. In fact, with the **exception** of Washington State, California has averaged more exports to China than any other **state** since 1990. Remarkably, despite these critical economic and cultural ties, no **U.S.** carrier operates non-stop service **from** California to **China.**

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being **depends** on maintaining and **generating** additional U.S.-China business. **A new** daily non-stop San Francisco-Shanghai flight will **generate** more commercial benefits to U.S. consumers and communities than any other service and will **finally** recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers — San Francisco and Shanghai.

Thank you for your **consideration** of this important matter.

Sincerely,


Jacqueline J. Wong
Vice President

DFS Group Limited

First Market Tower
525 Market Street, 33rd Floor
San Francisco, California 94105-2708
Telephone 415.977.2700
Facsimile 415.977.2956

ESPRIT

April 20, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, DC 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

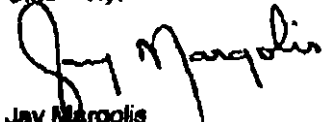
San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new elite service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1930. Remarkably, despite those critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Jay Margolis
Chairman and Chief Executive Officer

Expeditors®

Expeditors International
of Washington, Inc.

1015 Third Avenue
12th Floor
Seattle, WA 98104

Tel 206 674-5400
Fax 206 682-9777

April 27, 1999

The Honorable Rodney E. Slater
Secretary of Transportation
Department of Transportation
400 Seventh Street, N.W.
Washington, D.C. 20590

RE: UNITED STATES/CHINA AIR SERVICE

Dear Secretary Slater:

I'm writing on behalf of Expeditors International of Washington, Inc. We provide global logistics services through a network of 145 company owned offices, nine of which are located in mainland China. Expeditors urges that San Francisco be given significant consideration in the new aviation agreement that provides for additional service between the U.S. and China. Specifically, we're asking that seven of the 27 additional frequencies be utilized for a new daily nonstop service between San Francisco and Shanghai. San Francisco is a primary air cargo gateway between the U.S. and Asia and its importance is growing with the development of the technology and trade between China and the Bay Area. In addition, Shanghai is the largest cargo market in China.

United's proposed nonstop service from San Francisco to Shanghai will provide increased capacity and improved schedules between the U.S. and China. As a global logistics provider, we increasingly rely on the services of United Airlines to service our clients around the world. We prefer to rely on the services of nonintegrated carriers, such as United, to transport our consolidated shipments. Currently, Expeditors uses our San Francisco office as gateway for China bound business and would have mostly likely increase such activity if additional lift was brought into the market. In short, we are very interested in seeing an increase in non-integrated capacity over this lane segment.

In light of these benefits, we support the application of United in this proceeding.

Sincerely,



Roger Idriat
Vice-President Global Air Cargo
Expeditors International of Washington, Inc.

You'd be surprised how far we'll go for you

Kevin P. O'Brien
Vice President and
General Manager



Cox Broadcasting

April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

FRANK R. KENT
APR 20 1999
MANAGING DIRECTOR

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kevin O'Brien".

Kevin O'Brien

KOB/em



April 22, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

The Information Technology Association of America (ITAA) represents over 11,000 direct and affiliate member companies many of which are located within Northern California and Silicon Valley. Our members already do a large percentage of business within Asia. ITAA supports efforts to enable greater access for our members in foreign markets including China.

We ask that you support the efforts of the Administration to secure a substantial new aviation agreement between the United States and China. This new agreement, creating 27 additional frequencies, will allow for new service to be mounted between the U.S. and China, one of the fastest growing and most important aviation markets in the world. We are writing you today to urge that seven of the 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

As you know, San Francisco is the strongest international hub on the West Coast, offering service to the entire United States, as well as being considered the gateway to Asia. Shanghai, the gateway to China, is the strongest international hub on China's East Coast. As a result, this new air service will allow the entire United States to be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.

The links between California and China are undisputed. The first Chinese communities were established in California. For Chinese companies looking to set up a base in the United States, California is always one of their first choices. California citizens and businesses, for their part, have always reached out to China long before doing business in China was considered important.

Information Technology Association of America

1616 N. Fort Meyer Drive, Suite 1300, Arlington, Virginia 22209-3106 ■ Phone: (703) 522-5055 Fax: (703) 525-2279

THE HONORABLE ALBERT GORE
APRIL 22, 1999
PAGE TWO

Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers - San Francisco and Shanghai.

In today's global economy, strong air transportation links are critical to economic development and prosperity. The impact of new air service on the San Francisco area, in particular, and in California, in general, will be tremendous. International traffic at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area. California's economic well-being depends on not only maintaining, but also generating additional US-Chine business.

The facts are clear: The U.S. Government now has an opportunity to create new daily non-stop San Francisco-Shanghai service that will generate the most commercial benefits to the United States. A new daily non-stop San Francisco-Shanghai route will provide tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter

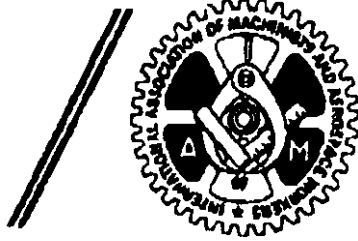
Sincerely,



Harris N. Miller
President



**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

GL-2 Legislative

April PO, 1999

The **Honorable** William Jefferson Clinton',
The **White** House
Washington, DC **20500**

Dear President Clinton:

The **International** Association of Machinists & Aerospace Workers represents United **Air** Lines employees. United Airlines, as you know, is **employee-owned**. The fact that **union** members hold the **majority** of stock in this company is not **only unique** but also a sign of the times. Our members agreed to changes of work rules, benefits, and compensation in order to keep this company **competitive** at a time when it was unpopular to do so. They took risks. Today, **United** is an **airline** that is competitive and fiscally strong, with state-of-the-art equipment and **state-of-the-art** employees.

United was the first US **carrier** to enter the **Chinese** market. **Since** that time world trade with **China** and Asia has expanded. This carrier took a long-term **view** and **strategy**. **It maintained** service even during downturns in the Asian markets. **This** was not done by chance. United wanted to be there when opportunities arose in order to be able to **participate** in an expanding economic **environment**.

That **time** is now. Recently, the Administration concluded **negotiations** that resulted in the expansion of access into China. Shanghai is an **economic**

The Honorable **William** Jefferson Clinton, April **20, 1999**. p. 2

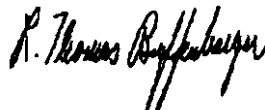
hub in China that will **continue to** grow **in** Importance to US interests. **United** Airlines **has** proposed flights from San Francisco to **Shanghai**.

San **Francisco** is a major **maintenance** and repair facility for **United Airlines** that employs over **11,000** mechanics and support personnel. Awarding United this route will have an Immediate impact on **these** employees and the community. If **United** Airlines is awarded this access **to Shanghai**. It will have a **direct impact** on job opportunity and security for our members.

The **IAM** is part of the San **Francisco** community. We are proud to be **part** of a **city** with **a progressive history** of human and civil rights. Strengthening the **link** between these two great **cities** could potentially become a **catalyst** of progressive Ideas and freedom to **the** Chinese.

Mr. President. on **behalf** of our members and **their** families, I request that United Airlines' **application** to provide **service between San** Francisco **and** Shanghai be approved.

Very **truly** yours.

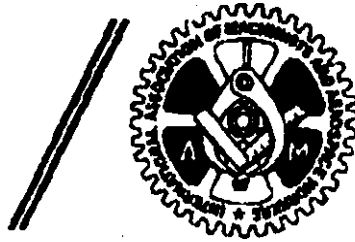


R. Thomas Buffenbarger
International President

RTB/mmp

cc: **Scheri**

**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500

OFFICE OF THE INTERNATIONAL PRESIDENT

GL-2 Legislative

April 15, 1999

The Honorable Rodney E. **Slater**
Secretary
Department of Transportation
400-7th street. S.W.
Washington, DC 20590

Dear Secretary **Slater**:

The International **Association** of **Machinists &** Aerospace Workers represent5 United **Air Lines** employees. **United Airlines**, as you know, **is** employee-owned. The fact that union members hold **the majority** of stock In **this** company is **nor** only unique but **also** a **sign** of the **times**. **Our** members agreed to changes of work rules, **benefits**, and compensation in order to keep this company competitive at **a time** when It was unpopular to do so. They took **risks**. Today, United is **an** airline that **is** competitive and fiscally strong, with **state-of-the-art** equipment and **state-of-the-art** employees.

United was the first US **carrier** to enter the **Chinese** market. Since that **time** **world trade** with **China** and **Asia** has expanded. **This** carrier took a **long-term** view and strategy. It **maintained service** even **during** downturns in the **Asian** markers. **This** was not done by chance. United wanted to be there when **opportunities** arose **in** order to be able **to participate** in an expanding economic enolronmenr.

The Honorable Rodney E. Slater, April 20, 1999. p. 2

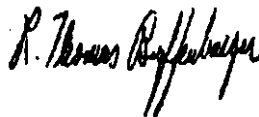
That time ~~is~~ now. Recently, the Administration concluded **negotiations** that resulted in the **expansion** of access into China. Shanghai is an economic hub in China that **will** continue to grow in importance to US Interests. **United Airlines** has proposed **flights** from San Francisco to Shanghai.

San Francisco **is** a **major maintenance** and repair facility for United Airlines that employs over **1 1.000 mechanics** and support personnel. Awarding United **this** route **will** have an immediate impact on these employees and the community. If **United Airlines is** awarded this access to **Shanghai**, it **will** have a direct impact on **job** opportunity and security for our members.

The **IAM** is **part** of the San **Francisco** community. We are proud to be part of a **city** with a progressive history of human and **civil** rights. Strengthening the **link** between these two great cities could potentially become a catalyst of progressive ideas and freedom to the Chinese.

Mr. **Secretary**, on behalf of our members and **their families**, I request that United Airlines' **application** to provide service between San Francisco and Shanghai be approved.

Very truly yours.



R. Thomas **Buffenbarger**
International President

RTB/mmp

cc: Scheri

JEFFREY J. CHANG & ASSOCIATES

ATTORNEYS AT LAW

EIGHTH FLOOR

433 CALIFORNIA STREET

SAN FRANCISCO, CALIFORNIA 94104

JEFFREY J. CHANG
PHILIP H. LO
CANDICE H. NGUYEN
M. STEVEN WANG

TELEPHONE: (415) 788-8811

FACSIMILE: (415) 399-9781

<http://www.pacificcounsel.com>

April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a frequent traveler between San Francisco and Shanghai, I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai. As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries.

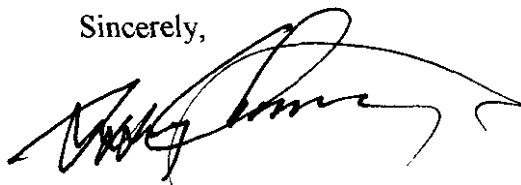
My law firm represents many international clients, and I believe my desire for a daily non-stop flight is shared by many of them. San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S.. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. Hence, new air service between these two cities will connect the entire U.S. to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

California's trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between San Francisco and Shanghai, two of the world's greatest commercial, manufacturing and tourism centers.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey J. Chang', with a stylized flourish at the end.

Jeffrey J. Chang, Esq.
JEFFREY J. CHANG & ASSOCIATES

KELLY, GILL, SHERBURNE & HERRERA

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

DENNIS J. KELLY
TIMOTHY M. GILL
AMY E. SHERBURNE
DENNIS J. HERRERA
YULIYA A. ORYOL
JONATHAN L. WOLFF
WHITNEY P. AMES

ONE MARKET
STUART TOWER, SUITE 1400
SAN FRANCISCO, CALIFORNIA 94105

TELEPHONE
(415) 512-0949
FACSIMILE
(415) 512-5386

April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear **Mr.** Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

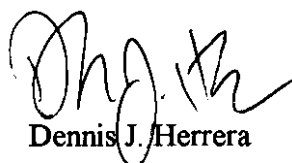
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For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers — San Francisco and Shanghai.

Thank you for your consideration of this important matter,

Sincerely,



Dennis J. Herrera

LF INTERNATIONAL INC.

A Li & Fung Venture Capital Company

April 20, 1999



Established
Since 1906

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice Resident:

As a **result** of the **Administration's** efforts, **the** United States and **China** recently secured a substantial new **aviation agreement** that will allow for new service between the two **countries**. I am writing to **urge** your support for a new daily **non-stop flight** between **San Francisco and Shanghai**.

San Francisco is the **strongest international** hub on the **West Coast** and **serves** as a gateway to Asia **and the entire U.S.** **Shanghai** is the **strongest international** hub on **China's East Coast** and is **the gateway** to China. As a **result**, new air **service** between these two **cities** will **connect the entire** United States to Shanghai, **the commercial** and **financial center** of **China**, and beyond to other **Chinese** cities.

For the state of **California**, trade with **China** is an important and growing part of our economy. In **fact**, with the exception of **Washington State**, **California** has averaged more exports to **China** than any other state since 1990. Remarkably, despite these critical economic and **cultural** ties, no U.S. carrier **operates** non-stop service from **California** to **China**.

In today's global economy, **strong air transportation links** are critical to economic development and **prosperity**. For this reason, **California's** economic well-being depends on **maintaining and generating** additional U.S.-China business. A new daily non-stop **San Francisco-Shanghai** flight will **generate** more **commercial** benefits to U.S. **consumers** and communities **than any other service** and will **finally recognize** and accommodate the burgeoning demand for **air travel** between **two of the world's** greatest commercial, **manufacturing** and tourism **centers** - **San Francisco and Shanghai**.

Thank you for your consideration of this **important** matter.

Sincerely,

Michael Hsieh
President

360 Post Street, Suite 705
San Francisco, CA 94108
Tel: 415-399-0110
Fax: 415-399-9222

Matson.

Navigation Company
333 Market Street
P.O. Box 7452
San Francisco
California 94120

April 27, 1999

C. BRADLEY MULHOLLAND
President
and
Chief Executive Officer
(415) 357-4500

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

For the State of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,


C. Bradley Mulholland

Matson Terminals, Inc.

333 Market Street
P.O. Box 7402
San Francisco
California 94170

GARY J. NORTH
President
(415) 957-4985

April 27, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

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Thank you for your consideration of this important matter.

Sincerely,

Gary J. North



One IBM Plaza • Suite 2800 • Chicago, IL 60611 • Phone: 312-494-6700 • Fax: 312-494-0196

April 28, 1999

The Honorable Rodney Slater
U.S. Secretary of Transportation
U.S. Department of Transportation
400 7th Street, SW
Washington, DC 20590

Re: U.S.-China Air Services, Docket OST-99-5539

Dear Secretary Slater:

We write today in strong support of the application of United Airlines for allocation of seven weekly nonstop frequencies to operate new daily U.S.-China service. As part of the proposal, United Airlines will operate same-plane service from Chicago to Beijing via Tokyo.

The Midwest Aviation Coalition represents over 300 businesses, associations, unions and organizations throughout the Midwest. The group was formed to educate the public, elected officials and policy-makers about the economic value of the Chicago Airport System, and explore options that will enable the region to take full advantage of the economic opportunities of air service. The Coalition is dedicated to maximizing the economic impact and promoting increased access and greater efficiencies of air service for the region.

The proposed service will considerably enhance the convenience of Chicago-originating passengers to China's capital of Beijing. The benefits of such service are significant. There will be no risk of misconnection due to a delayed flight and seat assignments will not change. In addition, the risk of lost baggage due to a connection will be eliminated. Same-plane service reflects the type of service that most passengers prefer.

In addition, United's proposal allows Illinois passengers to fly to Shanghai via either a connection in Tokyo or San Francisco. This gives Shanghai-bound passengers more service options. Passengers can connect at a U.S. point, rather than at Tokyo. If a connection is involved, many U.S. passengers strongly prefer to change planes in the U.S.

These services will further strengthen the ties between Illinois and China. In 1997, Illinois exports to China soared over \$1 billion. Illinois products – from wheat and corn, Caterpillar tractors, Motorola electronics, to McDonald hamburgers – are all exported to China. Illinois is the third largest exporting state to China and is only superseded by the West Coast states of California and Washington. Despite O'Hare International Airport's position as the transportation hub of the nation, other smaller cities have better service to China. United's new service options

An affiliate of the



CHICAGOLAND
CHAMBER OF COMMERCE



**Midwest
Aviation Coalition**
Our Airports Work For Us

- One IBM Plaza • Suite 2800 • Chicago, IL 60611 • Phone: 312-494-6700 • Fax: 312-494-0196

will provide the state's businesses with essential access to one of the most important markets in Asia which is crucial to the Midwestern economy.

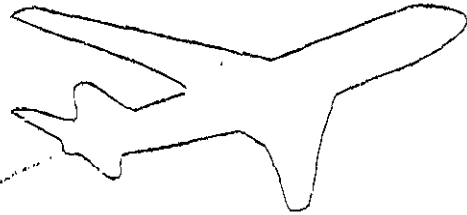
Overall, these services will greatly improve access and convenience for **Illinois** travelers to China's capital, Beijing and China's largest city, Shanghai. Indeed, it will enhance service for millions in the surrounding Midwest region. In light of these benefits, we strongly support the application of United Airlines in this proceeding.

If you have additional questions about the Coalition's position, please contact **Stacey Spencer** at 312/494-6733. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Gidwitz".

Ronald J. Gidwitz
Chairman



An initiative of the



CHICAGOLAND
CHAMBER OF COMMERCE



MOK, SHEN & COMPANY 第一勤業會計師

Certified Public Accountants

April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

My firm represents many international clients, and I believe my desire for a daily non-stop flight is shared by many of them. San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S.. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

For the state of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers – San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Paul P. H. Shen



April 19, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

On behalf of the Oakland Metropolitan Chamber of Commerce, I am writing to express our strong support for United Airlines' application to obtain 7 new direct flights from San Francisco to Shanghai. We understand that there will be 27 additional frequencies as a result of the new agreement between the U.S. and China. We believe that since the Bay Area is the major international business center on the West Coast and Shanghai serves as the major international hub on China's East Coast, it is appropriate to create this link. As a result of this new air service, the entire United States will be connected not only to Shanghai, the commercial and financial center for China, but to other Chinese cities as well.

The links between California and China are undisputed. The business community of the entire Bay Area is strongly engaged in China. California citizens and businesses reached out to China long before doing business in China was considered economically fruitful. Furthermore, for Chinese companies looking to set up a base in the United States, California is always one of their first choices. Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers - the Bay Area and Shanghai.

In today's global economy, strong air transportation links are critical to economic development and prosperity. The impact of new air service on the Bay Area and to California will be tremendous. California's economic well-being depends on not only maintaining, but also generating additional U.S.-China business. Our 1350 businesses, as well as their 150,000 employees, would welcome this terrific opportunity to grow their businesses and other opportunities.

The U.S. government now has an opportunity to create new daily non-stop San Francisco-Shanghai service that will generate the most commercial benefits to the United States. A new daily non-stop San Francisco-Shanghai route will provide tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Joseph J. Haraburda'. Below the signature, the name 'Joseph J. Haraburda' and the title 'President & CEO' are printed in a serif font.

Joseph J. Haraburda
President & CEO

cc: Jim Meenan, United Airlines
Elizabeth Curtiss, United Airlines

sgi

April 20, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

SGI
San Francisco
Mountain View,
CA 94043-1389

Richard E. Behrman
Chairman
Chief Executive Officer

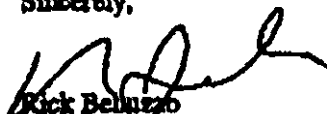
Tel 650.933.7000
Fax 650.932.0203

For the State of California, trade with China is an important and growing part of our economy. In fact, with the exception of Washington State, California has averaged more exports to China than any other state since 1990. Remarkably, despite these critical economic and cultural ties, no U.S. carrier operates non-stop service from California to China.

In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers - San Francisco and Shanghai.

Thank you for your consideration of this important matter.

Sincerely,



Rick Behrman
Chairman and
Chief Executive Officer

REB:kjm

April 20, 1999

*Via Facsimile
Hard Copy to Follow by Mail*

The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20390
Tel: 202-366-1111
Fax: 202-366-7202

SAN FRANCISCO
CHAMBER OF COMMERCE

G. Rhea Serpan
President & CEO

Dear Secretary Slater:

As a result of your department's effort, in advance of Premier Zhu Rongji's visit to the United States, the United States and China secured a substantial, new aviation agreement. The new agreement provides for additional service between the U.S. and China, one of the fastest growing and most important aviation markets in the world. The new agreement provides the U.S. with 27 additional frequencies. We urge that seven of those 27 frequencies be used to start a new daily non-stop San Francisco-Shanghai service.

The U.S. government now has an opportunity to create new service that will generate the most commercial benefits to the United States. A new daily non-stop San Francisco-Shanghai service would clearly generate the most economic benefits to the United States. As you know, San Francisco is the strongest ~~international~~ hub on the West Coast and is the gateway to Asia. San Francisco offers service to the entire United States. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. San Francisco offers service to the entire United States. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. Through San Francisco, virtually the entire United States can be connected to Shanghai, the commercial and financial center for China, and beyond to other Chinese cities.

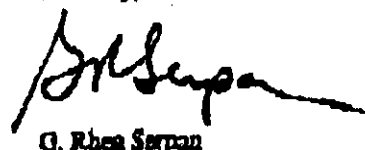
California and the City of San Francisco have long been considered the gateway to China. The links between California and China are undisputed. The first Chinese communities were established in California. For Chinese companies looking to set up a base in the United States, California is always one of their first choices. California citizens and businesses, for their part, have always reached out to China long before doing business in China was considered important. Remarkably, despite these long-standing economic and cultural ties, no U.S. carrier operates non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing, and tourism centers - San Francisco and Shanghai.

In today's global economy, strong air transportation links are critical to economic ~~development~~ and prosperity. The impact of new air service on the San Francisco area, in particular, and in California, in general, will be tremendous. International traffic at the San Francisco International Airport generates some 54,000 direct jobs annually and foreign visitors spend more than \$5 billion a year throughout the Bay Area. California's economic well being depends on not only maintaining, but also generating additional U.S. - China business.

The facts are clear: a new daily non-stop San Francisco-Shanghai service will generate tremendous economic benefits to consumers and communities in California and the entire United States.

Thank you for your consideration of this important matter.

Sincerely,



G. Rhea Serpan

San Francisco Chronicle

NORTHERN CALIFORNIA'S LARGEST NEWSPAPER

FRIDAY, APRIL 2, 1999

A 28 ***

SFO to Shanghai, Nonstop

PRESIDENT CLINTON and Premier Zhu Rongji of China recently signed an agreement to double the number of nonstop flights between the two countries.

Now Transportation Secretary Rodney Slater must decide which U.S. airports will be designated for the 27 additional nonstop flights to Shanghai every week.

The case for granting San Francisco International Airport at least seven of those flights — opening up daily nonstop service to sister city Shanghai for the first time — is not just compelling. It is overwhelming.

The strong and ever-growing cultural and economic ties between the Bay Area and the People's Republic of China greatly elevate the chances that the new route would be a success. From Silicon Valley to the wine country, this region's industries have become pacesetters in the global economy — particularly in courting the huge China market.

Nonstop flights will help strengthen those business ties. Right now, passengers going to and from Shanghai are saddled with the time

delay of a connection in Hong Kong or Tokyo.

Also, San Francisco is a little more than a year away from opening its state-of-the-art international terminal. It would only make sense for the federal government, which invested many millions of dollars in the project, to help assure its success.

The numbers show why SFO is the logical choice for this expanded service. Its new terminal will more than double the number of gates for international passengers

to 23. Already, thousands of U.S. passengers stop in San Francisco every week on their way to or from an international destination. The recovering Asian economies are reflected in a surge of air traffic. Within a decade, flights from SFO to Pacific Rim countries are expected to grow by 70 percent.

Yes, San Francisco is a well-established gateway to Asian countries. The Clinton administration can help smooth this vital path to a vibrant global economy by making the most of the SFO to Shanghai connection.

*San Francisco is
a gateway to
the Pacific Rim.*

John A. Marks President



16 April 1999

The Honorable Rodney E. Slater
Secretary of Transportation
Department of Transportation
400 Seventh Street, NW
Washington, D.C. 20590

RE: UNITED STATES/CHINA AIR SERVICE

Dear Secretary Slater:

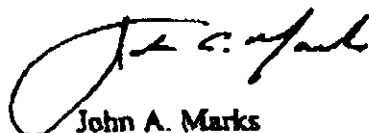
I'm writing on behalf of the 2,200 business members of the San Francisco Convention & Visitors Bureau to urge that San Francisco be given significant consideration in the new aviation agreement that provides for additional service between the U.S. and China. Specifically, we're asking that seven of the 27 additional frequencies be utilized for a new daily non-stop service between San Francisco and Shanghai.

China, and in particular Shanghai, are important to San Francisco in terms of commerce, tourism and personal relationships.

- Shanghai and San Francisco have had a long-standing Sister City relationship that has nurtured many business relationships between the two cities.
- San Francisco has been the primary gateway to the U.S. from Asia and its importance is growing with the development of the technology and tourism trade between China and the Bay Area.
- The San Francisco Bay Area is home to the largest Chinese population in the United States -- a factor that creates a growing travel market between the two areas.

As the City's official tourism marketing organization, the Convention & Visitors Bureau is hopeful that a daily non-stop flight between San Francisco and Shanghai will be provided for in the additional air service between the U.S. and China.

Very truly,



John A. Marks

JAM:ld

cc: A. Wayne, Regional Director, Governmental & Public Affairs -
United Airlines
F. Kent, Managing Director, SPOSZ - United Airlines

SAN FRANCISCO CONVENTION & VISITORS BUREAU • 201 Third Street, Suite 900 • San Francisco, CA 94103-3105

Tel 415.974.8900 • Fax 415.227.2802 • TTY 415.227.2619 • San Francisco FastFax in US and Canada 1.800.220.5747 • Web Site www.sfvvisitor.org

April 22, 1999

The Honorable Rodney E. Slater
Secretary
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Secretary Slater:

Congratulations on your **department's** effort, in advance of Premier **Zhu Rongji's** visit to the United States, and China securing a **substantial**, new **aviation** agreement. The new agreement provides for additional service between the **U.S.** and China, **one** of the fastest **growing** and most important aviation markets in the world. **The new** agreement provides the U.S. with 27 additional frequencies. We urge that seven of those 27 frequencies be used to start a new daily **non-stop San Francisco-Shanghai** service.

A new daily non-stop **San Francisco-Shanghai** service would clearly generate the most economic benefits to the United States. As **you** know, San Francisco is the strongest international hub on the West Coast and is the gateway to Asia. **San Francisco** offers service to the entire United States. Shanghai is the strongest international hub **on China's** East coast and is **the** gateway to **China**. Through San Francisco, **virtually** the entire United States can be connected to Shanghai, the **commercial** and financial center for **China**, and beyond to other **Chinese cities**.

California and San Francisco have long been considered the gateway to China. The **links** between California and China are undisputed. The first **Chinese** communities were established in California. **For Chinese** companies looking to set up base in the United States, California is always one of their first choices. California **citizens** and businesses, for **their** part, have always reached out to China long before doing business in **China** was considered important. Remarkably, despite these long-standing economic and cultural ties, **no** U.S. carrier **operates** non-stop service from California to China. This new daily non-stop San Francisco-Shanghai service **will** finally recognize and accommodate the burgeoning demand for air **travel** between two of the world's greatest commercial, manufacturing, and tourism **centers-San Francisco** and Shanghai.

One Waters Park Drive
Suite 101
San Mateo, CA 94403

(850) 345-8800

(850) 345-6886 fax

www.sanfrisco.org

Chairman of the Board
Roger Grossman
San Mateo County Times

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Corporate Secretary
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Thompson & Mann

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Ken Mariani
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Dorothy Babbitt
Chiff Ray Area Region

Donald E. Johnson
David D. Johnson Corp.

Don G. Warrick
San Francisco American

Nancy Whitely
Mitsubishi America, Ltd.

Scott Wyle
Aljman Corp.

Walter W.
Gonzalez, Inc.

Dennis de Vito
President of CEO

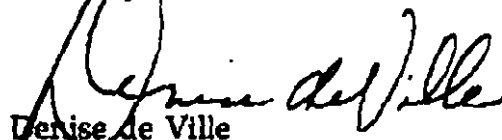
Founded in 1953,
SANFRA is a business
opinion organization which
acts as public policy issues affecting
the economy and quality of life.

In today's global **economy**, strong air transportation **links** are **critical** to economic vitality and **prosperity**. The impact of new **air service** on the San **Francisco** area, in particular, and in **California, in general, will** be tremendous. International traffic at the San **Francisco International** Airport generates some 54,000 direct Jobs annually and foreign visitors **spend more** than \$5 billion a year throughout the Bay Area. **California's** economic well being **depends** on not only maintaining, but **also** generating additional U.S.-China business.

The facts are clear: a **new** daily non-stop San Francisco-Shanghai service will generate tremendous economic benefits in **consumers** and **communities** in California **and** the entire United States.

Thank **you** for your consideration of **this** important matter.

Sincerely,



Denise de Ville
President & CEO

SINO AMERICAN INVESTMENT & DEVELOPMENT CORPORATION

1623 ~~Galvez~~ Avenue San Francisco CA. 94124

Tel: 4152856872 Fax 4152851823

April 16, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for a new daily non-stop flight between San Francisco and Shanghai.

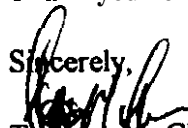
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In today's global economy, strong air transportation links are critical to economic development and prosperity. For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business. A new daily non-stop San Francisco-Shanghai flight will generate more commercial benefits to U.S. consumers and communities than any other service and will finally recognize and accommodate the burgeoning demand for air travel between two of the world's greatest commercial, manufacturing and tourism centers – San Francisco and Shanghai.

Thank you for your consideration of this important matter

Sincerely,


Thomas M. Chin
President



John Chen
Chairman, CEO, and
President

April 28, 1999

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a result of the Administration's efforts, the United States and China recently secured a substantial new aviation agreement that will allow for new service between the two countries. I am writing to urge your support for new daily non-stop flight between San Francisco and Shanghai.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. Shanghai is the strongest international hub on China's East Coast and is the gateway to China. As a result, new air service between these two cities will connect the entire United States to Shanghai, the commercial and financial center of China, and beyond to other Chinese cities.

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Thank you for your consideration of this important matter.

Best regards,

Sybase, Inc.
6475 Christie Avenue
Emeryville, CA 94608
(510) 922-4280
Fax (510) 922-4282
john.chen@sybase.com



ISO9001 REGISTERED



unison Group
851 Gateway Boulevard, Suite 880
South San Francisco, California 94080
(650) 877-0780
FAX (650) 742-0828

April 21, 1999

C.B. Sung
Chairman

The Honorable Albert Gore
Vice President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

As a **result** of the **Administration's efforts**, the United States and **China** recently secured a **substantial** new aviation agreement that **will** allow for new **service between** the **two countries**. **I am** writing to urge your support **for a new daily non-stop flight between San Francisco and Shanghai**.

San Francisco is the strongest international hub on the West Coast and serves as a gateway to Asia and the entire U.S. **Shanghai is the strongest international hub on China's East Coast and is the gateway to China.** As a result, **new air service between these two cities** will connect the entire United States to **Shanghai**, the **commercial and financial center** of China, and **beyond to other Chinese cities**.

For **the state of California**, trade with China is **an** important and growing part of our economy. In fact, **with the exception of Washington State**, California **has** averaged more exports to China than any **other state since 1990**. Remarkably, despite these critical economic and **cultural** ties, no U.S. carrier **operates non-stop service from California to China**.

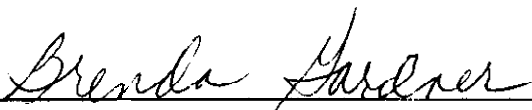
In today's global economy, strong air transportation links are critical to economic development and prosperity. **For this reason, California's economic well-being depends on maintaining and generating additional U.S.-China business.** A new daily non-stop **San Francisco-Shanghai** flight **will generate more commercial benefits to U.S. consumers and communities** than any other service and **will finally recognize and accommodate** the burgeoning demand for air travel between two of the world's greatest **commercial, manufacturing and tourism centers - San Francisco and Shanghai**.

Thank you for your consideration **of this** important matter.

Sincerely,

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Consolidated Reply of United Air Lines, Inc. on all persons named on the attached Service List by causing a copy to be sent via **facsimile** and/or first-class mail, postage prepaid.


Brenda Gardner

DATED: **April 29, 1999**

David Mishkin
Northwest Airlines, Inc.
901 15th Street, N.W.
Suite 3 10
Washington, D.C. 20005

Tim Phelan
S H & E
90 Park Avenue
27th Floor
New York, NY 10016

Megan Rae Poldy
Associate General Counsel
Northwest Airlines, Inc.
901 15th Street, N.W.
Suite 3 10
Washington, D.C. 20005

Mark Diamond
S H & E, Inc.
1 Main Street
Cambridge, MA 02 142

Richard Ben Hirst
Northwest Airlines, Inc.
5101 Northwest Drive
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Minneapolis, MN 5511 1-3034

Kenneth P. Quinn
John E. **Gillick**
Winthrop, **Stimson**, Putnam&Roberts
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036

Rush **O'Keefe**
V.P.-Regulatory Affairs
Federal Express Corp.
1980 Nonconnah Boulevard
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David **Glauber**
Senior Attorney
Federal Express Corp.
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Brian M. Campbell
Economic Consultant
The Campbell Aviation Group, Inc.
700 N. Fairfax Street
Suite 502
Alexandria, VA 223 14

Nathaniel P. Breed, Jr.
Counsel
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